# COPYApplication Methodist d/b/a LeBonheur

CN1310-042



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November 12, 2013

Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street – 9<sup>th</sup> Floor
Nashville, TN 37243

Dear Ms. Hill:

Methodist Healthcare, centered in Shelby County, is one of Tennessee's largest healthcare providers. Methodist Healthcare's principal acute care subsidiary organization is Methodist Healthcare--Memphis Hospitals that owns and operates five Shelby County hospitals. Methodist is filing two certificates of need in November 2013 as follows:

- 1) Methodist Healthcare –Memphis Hospitals proposes to establish an integrated comprehensive cancer center under the name WEST CANCER CENTER as an outpatient department of the hospital. The project will include a full array of cancer services and programs.
- 2) Le Bonheur Children's Hospital proposes to establish a pediatric outpatient center which will be operated as a department of the hospital. The center will include a full array of pediatric outpatient diagnostic, treatment and therapy services.

Enclosed in triplicate are the CON applications for the project, the affidavits with original signature and the checks for the filing fees. The Publication of Intent for this project was filed in the Commercial Appeal on November 8, 2013. Please let us know if you have any questions or need additional information.

Sincerely,

Carol Weidenhoffer

Carol Weiduloff

Corporate Director of Planning, Research & Business Development

Cc: Byron Trauger



## STATE OF TENNESSEE Health Services and Dev Agency Office 31607001 11/13/2013 11:10 AM

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## LE BONHEUR CHILDREN'S HOSPITAL

# CERTIFICATE OF NEED APPLICATION TO ESTABLISH A PEDIATRIC OUTPATIENT CENTER

**MEMPHIS, SHELBY COUNTY** 

Filed November 2013

					gard	
1.	Name of Facility, Agency, or Institution				a a a a a a a a a a a a a a a a a a a	
	Methodist Healthcare-Memphis Hospitals db	oa Le Bonheu	r Children's	Hospital	5.25 	
	Name				internal formation of the control of	
	848 Adams Avenue				Shelby	
					County	
	Memphis City		TN State		38103 Zip Code	
2.	Contact Person Available for Responses to	<b>Questions</b>				
					e Director of Planning, and Business	
	Carol Weidenhoffer		_	Develop	ment	
	Name				Title	
	Methodist Le Bonheur Healthcare			Carol.We	eidenhoffer@mlh.org	
	Company Name			E-mail	address	
	1407 Union Avenue – Suite 300	Memphis		TN	38104	
	Street or Route	City		State	Zip Code	
	Employee	901-516-06	79	901-516-	0621	
	Association with Owner	Phone Num		Fax Num		
3.	Owner of the Facility, Agency or Institution	on See Atta	chment A:3			
	Methodist Healthcare – Memphis Hospitals				901-516-0546	
	Name				Phone Number	
	1211 Union Avenue, Suite 700				Shelby	
	Street or Route				County	
	Memphis		TN		38104	
	City		State		Zip Code	
4.	Type of Ownership of Control (Check One	e) See Attach	ment A:4			
	A. Sole Proprietorship	F.	Governmer	ntal (State	of TN	
	B. Partnership	_	or Politica		ion)	_
	C. Limited Partnership D. Corporation (For Profit)	— G. H.	Joint Ventu Limited Lia			===
	E. Corporation (Not-for-Profit)		Other (Spec	•		_

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

	2011									
	Na	t Applicable me			-					
	Str	eet or Route			County					
	Cit	y	<del></del>	State	Zip Code					
		T ALL ATTACHMENTS AT THE END OF PLICABLE ITEM NUMBER ON ALL ATT			R AND REFERENCE THE					
6.	Leg	gal Interest in the Site of the Institution (Che	ck One)	See Attachment A:6						
	A. B. C.	Ownership Option to Purchase Lease of 11 Years X		Option to Lease Other (Specify)						
		T ALL ATTACHMENTS AT THE BACK OF APPLICABLE ITEM NUMBER ON ALL			DER AND REFERENCE					
7.	Type of Institution (Check as appropriate—more than one response may apply)									
	A.	Hospital <u>Hospital Outpatient Department</u>	X	I. Nursing Home						
	B.	Ambulatory Surgical Treatment Center		J. Outpatient Diagnost	· · · · · · · · · · · · · · · · · · ·					
	0	(ASTC), Multi-Specialty		K. Recuperation Cente						
	C.	ASTC, Single Specialty		L. Rehabilitation Facil M. Residential Hospice						
	D.	Home Health Agency		N. Non-Residential Me	-					
	E.	Hospice		14, 14011 Residential IVI						
	F.	Mental Health Hospital		O. Birthing Center	***					
	G.	Mental Health Residential Treatment Facility		P. Other Outpatient Fa (Specify)	cility					
	H.	Mental Retardation Institutional			-					
		Habilitation Facility (ICF/MR)		Q. Other Specify						
8.	Pur	rpose of Review (Check) as appropriate—mo	re than or	e response may apply)						
	A.	New Institution		G. Change in Bed Com	nplement					
	B.	Replacement/Existing Facility		[Please note the type	e of change					
	C.	Modification/Existing Facility	X	by underlining the a						
	D.	Initiation of Health Care Service as defined in TCA § 68-11-1607(4)		response: Increase, Designation, Distrib Conversion, Reloca	oution,					
		(Specify) MRI	X	H. Change of Location						
	E.	Discontinuance of OB Services		I. Other (Specify)						
	F.	Acquisition of Equipment MRI	X	,						

9.	Please indicate current and proposed distribution and certification of facility beds.							
). 1				Current Licensed	Beds *CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
	A.	Medical		-		-	J <del>====</del> 3	
	B.	Surgical						
	C.	Long-Term Care Hospital				-	. —————————————————————————————————————	
	D.	Obstetrical				-		-
	E.	ICU/CCU		36		18		36
	F.	Neonatal		60		60		60
	G.	Pediatric		159		150		159
	H.	Adult Psychiatric						7
	I.	Geriatric Psychiatric						
	J.	Child/Adolescent Psychiatric						/
	K.	Rehabilitation					-	
	L.	Nursing Facility (non-Medicaid	Certified)					·
	M.	Nursing Facility Level 1 (Medic	caid only)					
	N.	Nursing Facility Level 2 (Medic	care only)					
	O.	Nursing Facility Level 2 (dually certified Medicaid/Medicar	re)					
	P.	ICF/MR						
	Q.	Adult Chemical Dependency						
	R.	Child and Adolescent Chemical	Dependency					
	S.	Swing Beds						
	T.	Mental Health Residential Treat	ment					
	U.	Residential Hospice						
		TOTAL		255		228		255
		*CON-Beds approved but not y	et in service					
10.	Med	licare Provider Number Certification Type	44-0049 Acute Care Fac	cility				<del></del>
11.	Med	licaid Provider Number Certification Type	44-0049 Acute Care Fa	cility				

## 12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?

The applicant, Methodist Healthcare–Memphis Hospitals, is a healthcare provider that operates five Shelby County hospitals under a single license. The system is certified for both Medicare and TennCare/Medicaid; and the system's acute care provider numbers cover all five hospitals--including Le Bonheur Children's Hospital, which this application addresses.

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCO's/BHO's) operating in the proposed service area. Will this project involve the treatment of TennCare participants? If the response to this item is yes, please identify all MCO's/BHO's with which the applicant has contracted or plans to contract. Discuss any out-of-network relationships in place with MCO's/BHO's in the area.

The Tennessee MCO's/BHO's operating in the project service area are United Healthcare offering Americhoice and Dual Complete (a Special Needs Plan) and Blue Cross Blue Shield offering Blue Care and Tenneare Select. The project service area also includes DeSoto and Marshall counties in Mississippi, where Medicaid is available.

All of Methodist Healthcare's hospitals treat TennCare participants under the system's TennCare contracts. Methodist Healthcare – Memphis Hospitals contracts with United Healthcare, Blue Cross Blue Shield and Medicaid providers in adjoining States.

NOTE: Section B is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. Section C addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. <u>Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.</u>

## SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

## **Proposed Services and Equipment**

- The proposed project is a pediatric outpatient center located on Humphreys Boulevard near the intersection of Walnut Grove Road in Memphis, Tennessee. The pediatric outpatient center will contain hospital-based diagnostic imaging, rehabilitation (rehab) services and general diagnostics and therapies for complex pediatric patients.
- The center will also include multiple pediatric subspecialty physician offices which are not part of this application. The construction of physician office space does not require certificate of need approval. Yet, to understand the full array of services in the center, details of the subspecialties that will share space and utilize the hospital-based services are described in detail.
- The pediatric outpatient center will consolidate existing pediatric services currently located in three separate locations throughout the eastern service area.
  - o Outpatient rehab services will move from Poplar Avenue in Germantown, Tennessee
  - o Pediatric subspecialty physician offices and the affiliated diagnostic services will move from Estate Place in Memphis, Tennessee
  - o Pediatric subspecialty physician offices and the affiliated audiology services and pulmonary diagnostics will move from Wolf River Boulevard in Germantown, Tennessee

 The project will also add supporting services to increase patient and family convenience in a full service dedicated pediatric ambulatory center.

PHYSICIANS	HOSPITAL-BASED SERVICES			
Subspecialty Physician Offices	Multidisciplinary Clinics	Rehabilitation Services	Diagnostic Imaging	General Diagnostics and Therapies
<ul> <li>Allergy</li> <li>Cardiology</li> <li>Endocrinology</li> <li>Gastroenterology</li> <li>Genetics</li> <li>Nephrology</li> <li>Neurology</li> <li>Otolaryngology</li> <li>Pulmonology</li> <li>General Surgery</li> <li>Urology</li> </ul>	<ul> <li>Feeding Clinic</li> <li>Plastics/</li> <li>Craniofacial</li> <li>Clinic</li> </ul>	<ul> <li>Physical Therapy</li> <li>Occupational Therapy</li> <li>Speech and Language Therapy</li> <li>Hydro Therapy</li> <li>Sensory Motor Therapy</li> </ul>	<ul><li>Ultrasound</li><li>Fluoroscopy</li><li>X-Ray</li><li>MRI</li><li>CT</li></ul>	<ul> <li>Audiology</li> <li>Pulmonary Diagnostics</li> <li>Lab Draw</li> <li>EKG</li> <li>ECHO</li> <li>EEG</li> <li>Infusion Services</li> <li>Pre-surgery Workup</li> <li>Urodynamics</li> </ul>

## **Ownership Structure**

• The applicant, Methodist Healthcare—Memphis Hospitals (Methodist), is a not-for-profit corporation that operates five Shelby County hospitals under a single license – including Le Bonheur Children's Hospital (referred to as Le Bonheur for brevity) which this application addresses. The applicant is a wholly-owned subsidiary of a broader parent organization, Methodist Healthcare, which is a not-for-profit corporation with

ownership and operating interests in health care facilities in West Tennessee and North Mississippi. See Attachment A:4.

## Service Area

• The designated service area for the project is Shelby, Fayette and Tipton counties in Tennessee and DeSoto and Marshall counties in Mississippi. Over 77% of Le Bonheur's outpatient visits originate from this area.

## Need

- With the opening of the new hospital in 2010, Le Bonheur began the process of transforming the main hospital campus into a center for highly specialized tertiary and quaternary pediatric care. As the only comprehensive provider of pediatric care within 130 miles, Le Bonheur serves as a regional referral center for pediatrics. The proposed outpatient center will add capacity and increase access to pediatric subspecialty services.
- Le Bonheur's focus on advanced pediatric care has led to increased physician recruitment and a move toward academics and research. Since 2010, Le Bonheur has added 40 new pediatric subspecialty physicians to its medical staff thereby increasing physician office visits by 23%. Even with this growth, demand for pediatric subspecialty physicians is high, and Le Bonheur is actively recruiting additional physicians.
- The addition of new physicians requires more physician office space, and current available space is approaching capacity. Current wait times for pediatric subspecialty appointments are well above the national standard. Additional capacity is needed to fulfill the mission to provide highly specialized care to all children.
- The pediatric outpatient center will consolidate services currently located in three separate locations throughout the eastern service area. The existing locations have no room for expansion and share space with adult health services. The new location will add capacity and allow pediatric specialists scattered throughout the area and newly recruited pediatric specialists to come together in a dedicated pediatric facility.
- The additional physician office visits will require hospital-based services including diagnostic imaging, general diagnostics and therapies and rehab services. These services are unduplicated in the market.
- Adequate preparation of children for diagnostic procedures, including MRI, is vital to good outcomes.
   Sedation is commonly required, and the only existing facility capable of providing outpatient sedation for complex pediatric patients is at Le Bonheur. Yet, outpatient diagnostic services at the hospital are shared with acute inpatients and emergency patients. Other local providers are not equipped to provide outpatient MRI services to complex pediatric patients or sedation to young children.
- Pediatric subspecialty care is scarce and the dedicated outpatient center will serve to maximize this resource by allowing for efficiencies in access and care. The proposed outpatient center will allow Le Bonheur to continue serving all children of the community, improving access to health care, attracting and retaining pediatric subspecialists and serving as a national resource contributing to the elimination of disease.

## **Existing Resources**

- Le Bonheur is the only comprehensive pediatric provider in the service area. The expertise of Le Bonheur's pediatric providers is unduplicated in the market, and the outpatient center will increase availability of these specialized pediatric services in a location convenient for patients and families.
- The new outpatient center will shift some clinic and diagnostic volume from the main Le Bonheur campus and will offer additional outpatient capacity. The resulting shift will improve care and expand capacity for research and academic work which will support plans to recruit top pediatric specialists to the area.

## Project Cost, Funding, Feasibility

• The project cost of \$26,798,857 will be funded through cash by Methodist Healthcare. Methodist Healthcare and Le Bonheur Children's Hospital are, and will remain, financially viable.

## Staffing

• Staffing will be increased by 26 FTEs. These associates will be obtained through internal or external recruitment; based on past experience there is no anticipated delay in filling these positions.

- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.
- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc.

## 1. Overview of the Project

The proposed project is a pediatric outpatient center located on Humphreys Boulevard near the intersection of Walnut Grove Road in Memphis, Tennessee. The pediatric outpatient center will contain hospital-based diagnostic imaging, rehab services and general diagnostics and therapies for complex pediatric patients. The center will also include multiple pediatric subspecialty physician offices which are not part of this application. The construction of physician office space does not require certificate of need approval. Yet, to understand the full array of services in the center, details of the subspecialties that will share space and utilize the hospital-based services are described in detail.

The pediatric outpatient center will consolidate existing pediatric services currently located in three separate locations throughout the eastern service area.

- Hospital-based outpatient rehab services will move from Poplar Avenue in Germantown, Tennessee
- Pediatric subspecialty physician offices and the affiliated hospital-based diagnostic services will move from Estate Place in Memphis, Tennessee
- Pediatric subspecialty physician offices and the affiliated hospital-based audiology services and pulmonary diagnostics will move from Wolf River Boulevard in Germantown, Tennessee

The project will also add supporting services to increase patient and family convenience and offer efficiencies in providing dedicated pediatric care. See Table 1 below for a full list of services which will be in this center:

TABLE 1
PEDIATRIC OUTPATIENT CENTER SERVICES

PHYSICIANS	HOSPITAL-BASED SERVICES			
Subspecialty Physician Offices	Multidisciplinary Clinics	Rehabilitation Services	Diagnostic Imaging	General Diagnostics and Therapies
<ul> <li>Allergy</li> <li>Cardiology</li> <li>Endocrinology</li> <li>Gastroenterology</li> <li>Genetics</li> <li>Nephrology</li> <li>Neurology</li> <li>Otolaryngology</li> <li>Pulmonology</li> <li>General Surgery</li> <li>Urology</li> </ul>	Feeding Clinic     Plastics/     Craniofacial     Clinic	<ul> <li>Physical Therapy</li> <li>Occupational Therapy</li> <li>Speech and Language Therapy</li> <li>Hydro Therapy</li> <li>Sensory Motor Therapy</li> </ul>	<ul><li>Ultrasound</li><li>Fluoroscopy</li><li>X-Ray</li><li>MRI</li><li>CT</li></ul>	<ul> <li>Audiology</li> <li>Pulmonary Diagnostics</li> <li>Lab Draw</li> <li>EKG</li> <li>ECHO</li> <li>EEG</li> <li>Infusion Services</li> <li>Pre-surgery Workup</li> <li>Urodynamics</li> </ul>

## 2. Detailed Description of the Project

Le Bonheur proposes to renovate 26,360 square feet of an existing building to house the hospital-based services in the new pediatric outpatient center. The total building is 50,855 square feet; the remaining 24,495 square feet will house the pediatric subspecialty physician offices. The physician office renovation is not part of this project.

The first floor includes rehab services and diagnostic imaging services. The rehab space consists of three age-specific gyms, 14 therapy rooms, a hydrotherapy pool and a kitchen for feeding therapy. The diagnostic imaging space consists of general radiology, fluoroscopy, ultrasound, CT and MRI areas along with dedicated dressing and waiting rooms. All services on this floor are hospital-based services and are designed to support patient and family centered care while maximizing the efficiencies of having staff and equipment located in adjacent spaces.

The second floor includes 21 medical specialty exam rooms and 19 surgical specialty exam rooms which are not part of this application. The supporting hospital-based general diagnostics and therapies are located adjacent to the clinics they serve. Proximity of procedure rooms and lab services to clinic space allows for enhanced patient and family centered care and increased efficiencies for staff. Hospital-based services on the second floor include:

- Audiology
- Pulmonary diagnostics
- Laboratory
- EKG
- ECHO
- EEG
- Urodynamics
- Pre-surgery workup
- Infusion services
- Multidisciplinary clinics

## 3. Project Costs

The total cost of the project for CON purposes is \$26,798,857 with construction costs of \$3,992,600 or \$151.56 per square foot.

## 4. Project Funding Sources

The project costs will be funded by cash contributions from Methodist Healthcare, the parent company of the applicant.

Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

## Please also discuss and justify the cost per square foot for this project.

The costs of the project are reasonable and comparable to similar CON projects approved throughout the service area over the last few years. This project has an estimated cost per square foot of approximately \$152 (\$3,992,600 / 26,360 sf). See the cost per square foot comparison below.

TABLE 2
COST PER SQUARE FOOT COMPARISON WITH APPROVED PROJECTS

CON Name	Date Filed	 st per re Foot
Methodist University PET	Nov-11	\$ 244
Renovation & Relocation		
Campbell Clinic	Aug-12	\$ 244
Surgery Center Construction & Renovation		
The Regional Medical Center - The Med	Aug-12	\$ 225
Hospital Construction & Renovation		
Baptist Memorial Women's Hospital	Dec-12	\$ 238
ED Construction & Renovation		
Baptist Memorial Tipton Hospital	Dec-12	\$ 250
Establish Cancer Center (Relocation)		

If the project involves none of the above, describe the development of the proposal.

Not applicable.

B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

Not applicable.

# SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Denartment	Fxisting	Existino	Temporary	Proposed	P 3	Proposed Final	1		Proposed Final	
	Location	SF	Location	Location	Renovated	New	Total	Renovated	New	Total
HOSPITAL-BASED										
FIRST FLOOR										
Lobby/Waiting	N/A	N/A	N/A	1 <sup>st</sup> Floor	3,035		3,035	\$65		\$197,275
Rehab	Off-site	N/A	N/A	1st Floor	9,485		9,485	\$70		\$663,950
Radiology	N/A	N/A	N/A	1st Floor	11,505		11,505	\$250		\$2,876,250
SECOND FLOOR										
Hospital-based Services	Off-site	N/A	N/A	2 <sup>nd</sup> Floor	2,335		2,335	\$75		\$175,125
OTHER										
Sitework for Rehab Courtyard & Monumental Sign	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$80,000
B. Total GSF					26,360		26,360			\$3,992,600
Total Construction cost / SF										\$152
Construction cost escalation (10% contingency)										\$399,260
Total Construction costs with escalation					26,360		26,360			\$4,391,860
Total Construction cost with escalation /										School of School

- C. As the applicant, describe your need to provide the following health care services (if applicable to this application):
- 1. Adult Psychiatric Services
- 2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
- 3. Birthing Center
- 4. Burn Units
- 5. Cardiac Catheterization Services
- 6. Child and Adolescent Psychiatric Services
- 7. Extracorporeal Lithotripsy
- 8. Home Health Services
- 9. Hospice Services
- 10. Residential Hospice
- 11. ICF/MR Services
- 12. Long-term Care Services
- 13. Magnetic Resonance Imaging (MRI)
- 14. Mental Health Residential Treatment
- 15. Neonatal Intensive Care Unit
- 16. Non-Residential Methadone Treatment Centers
- 17. Open Heart Surgery
- 18. Positron Emission Tomography
- 19. Radiation Therapy/Linear Accelerator
- 20. Rehabilitation Services
- 21. Swing Beds

Magnetic Resonance Imaging (MRI): An MRI is needed to support the complex diagnostic needs of the pediatric patients who will be treated in the center. The equipment will provide immediate access for patients in the same location with pediatric subspecialty physician offices and other pediatric services as well as offer an additional point of access for patients and families in the service area.

## D. Describe the need to change location or replace an existing facility.

Since 2010, Le Bonheur has added 40 new pediatric subspecialty physicians to medical staff. With this additional physician staff, new patient physician office visits have increased by 23%. Even with this growth, demand for pediatric subspecialty physicians is high, and Le Bonheur is actively recruiting additional physicians. See Table 3 below for planned recruitment.

TABLE 3
PLANNED PEDIATRIC SUBSPECIALIST RECRUITMENT

Pediatric Subspecialty	Planned recruitment
Allergy	1
Cardiology	2
Endocrinology	2
Gastroenterology	1
Genetics	1
Nephrology	2
Neurology	2
Otolaryngology	1
Pulmonology	1
Psychiatry	1
Urology	1

The addition of new physicians requires more physician office space, and the current available space is approaching capacity. The pediatric outpatient center will consolidate services currently located in three separate locations throughout the eastern service area. The existing locations have no room for expansion and share space with adult health services.

The new location will add capacity and will allow pediatric specialists who are currently in various locations throughout the area and newly recruited pediatric specialists to come together in a dedicated pediatric facility. See Table 4 and Table 5 below for added pediatric subspecialty physician office visits. Again, please note the physician offices visits are not included in volumes and projected financials for the application. The significant growth in number of physicians and visits justifies the need to add diagnostic and therapeutic capacity in the eastern market.

TABLE 4
ADDITIONAL CAPACITY FOR MEDICAL SPECIALTIES

	Medi	cal physicia	n office visits	
	Current	Projected	Change	% Change
Rooms	13	21	8	62%
Visits	8,975	14,498	5,523	0270

TABLE 5
ADDITIONAL CAPACITY FOR SURGICAL SPECIALTIES

	Surg	ical physicia	n office visits	3
	Current	Projected	Change	% Change
Rooms	16	19	3	19%
Visits	6,953	8,257	1,304	1970

Additionally, pediatric subspecialty care is scarce and the dedicated outpatient center will serve to maximize this resource by allowing for efficiencies in access and care. The proposed MRI will provide immediate access for patients in the same location with the pediatric subspecialty physician offices and will offer an additional access point for patients and families in the service area.

With the opening of the new hospital in 2010, Le Bonheur continued its mission to transform the main campus location into a center for highly specialized tertiary and quaternary pediatric care. As the only comprehensive provider of pediatric care within 130 miles, Le Bonheur serves children throughout the region and serves as a regional referral center for pediatric patients.

The focus on advanced pediatric care has led to increased physician recruitment and a move toward academics and research. This transformation means that children being seen at the main campus have increased in complexity, as has the corresponding need for support services. The existing space is nearing capacity and still more recruitment is planned to meet regional demand. Moving forward in this mission to provide highly specialized care to all children requires additional capacity for pediatric subspecialty physician office visits and diagnostic services.

The pediatric outpatient center will shift some outpatient clinic and diagnostic volume from the main campus in downtown Memphis and will offer additional outpatient capacity. This shift will free up space at the main campus for the expanded research and academic needs that are part of Le Bonheur's long-range plan.

- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:
  - 1. For fixed-site major medical equipment (not replacing existing equipment):
    - a. Describe the new equipment, including:
      - 1. Total cost ;(As defined by Agency Rule). The total cost of the MRI is estimated at \$1,926,257 (1,427,825 equipment purchase and \$498,432 maintenance).
      - 2. Expected useful life: 5 years
      - 3. List of clinical applications to be provided: Clinical applications to be provided by the MRI are neurovascular, cardiovascular, abdominal, orthopedic and spectroscopic imaging.
      - 4. Documentation of FDA approval. See Attachment B: II (E) for FDA certification.
    - b. Provide current and proposed schedules of operations.

Monday – Friday, 8:00 a.m. – 5:00 p.m.

- 2. For mobile major medical equipment: Not Applicable
  - a. List all sites that will be served;
  - b. Provide current and/or proposed schedule of operations;
  - c. Provide the lease or contract cost.
  - d. Provide the fair market value of the equipment; and
  - e. List the owner for the equipment.
- 3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments. See Attachment B: II (E) for MRI vendor quote for purchase.
- III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which <u>must</u> include:

See Attachment B:III (A) for the plot plan.

- 1. Size of site (in acres);
- 2. Location of structure on the site; and
- 3. Location of the proposed construction.
- 4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

(B) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

The proposed location is near the corner of Walnut Grove Road and Humphreys Boulevard, which makes it easily accessible for patients via automobile and public transportation. Walnut Grove Road has an interstate exit from I-240, and the intersection of Walnut Grove Road and Humphreys Boulevard is less than 1 mile from the exit.

The Memphis Area Transit Authority (MATA) services this area with route 34. Appropriate bus schedules and road maps are included as Attachment B:III (B).

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: <u>DO NOT SUBMIT BLUEPRINTS</u>. Simple line drawings should be submitted and need not be drawn to scale.

See Attachment B:IV. for the floor plans.

- V. For a Home Health Agency or Hospice, identify: Not applicable; the application is not for a home care organization.
  - 1. Existing service area by County;
  - 2. Proposed service area by County;
  - 3. A parent or primary service provider;
  - 4. Existing branches; and
  - 5. Proposed branches.

## SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. <u>Please type each question and its response on an 8 1/2" x 11" white paper</u>. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

## **QUESTIONS**

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.

The applicant's mission embodies the spirit of the Guidelines for Growth and the Five Principles to Achieve Better Health as outlined in the State Health Plan. Methodist Le Bonheur Healthcare's mission is to partner with its medical staffs and collaborate with its patients and families to be the leader in high quality, cost effective health care in all sectors of its service area. Its geographical distribution makes Methodist Le Bonheur Healthcare the area provider with the largest number of entry points, and the most socio-economically diverse patient population. This project complies with the mission and the tenants of the State Health Plan and Guidelines for Growth.

## **Healthy Lives:**

The purpose of the State Health Plan is to improve the health of Tennesseans.

Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

The proposed project will consolidate and expand pediatric services in a location dedicated to the specific needs of pediatric patients. Locating multiple pediatric specialists and hospital-based diagnostic and therapeutic services in one location will allow clinicians to better collaborate on the diagnosis and treatment of all children throughout the community. Patient areas will be designed to facilitate patient and family centered care, allowing families to partner with caregivers in the care of the child. Le Bonheur is committed to caring for all children and offers multidisciplinary, specialized pediatric care that is unduplicated in the area.

## **Access to Care:**

Every citizen should have reasonable access to health care.

Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

Offering expanded pediatric services in the proposed location provides an additional access point for all patients in the service area and a more convenient location for much of the eastern portion of

Shelby County and western Tennessee. This location is designed to expand capacity and improve access to highly specialized pediatric services for all children of the region. In keeping with Le Bonheur's mission, access to health care services is not restricted by existing health status, employment, income, geography or culture.

## **Economic Efficiencies:**

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.

The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.

By consolidating services now offered in various locations throughout the city, Le Bonheur proposes to improve the efficiency with which pediatric subspecialty care is delivered. Providing many dedicated pediatric services in one location allows for collaboration among providers and helps avoid unnecessary duplication of services. Providing complex, specialized care in a collaborative setting exemplifies an innovative approach to care delivery.

## **Quality of Care:**

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.

The proposed location will allow for pediatric specialists and clinicians to treat children in a setting that supports the delivery of quality health care. Le Bonheur measures performance of services on nationally recognized quality indicators important to children's health care. Le Bonheur also actively publishes quality outcomes and engages in efforts to continuously improve care. For the past three years, Le Bonheur has been recognized as one of the nation's top children's hospitals by *U.S. News & World Report*.

## **Health Care Workforce:**

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.

The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.

This project includes clinicians who are dedicated to providing care for pediatric patients. The proposed outpatient center will allow providers to work in an effective and efficient setting focused on pediatric care. Additionally, Le Bonheur is an academic medical center affiliated with the University of Tennessee Health Science Center (UTHSC) and is the primary teaching site for pediatrics. The project will further the academic affiliation and support the development, recruitment and retention of a quality workforce.

- a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.
- b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

## <u>Project-Specific Review Criteria: Construction, Renovation, Expansion, and Replacement of Health Care Institutions</u>

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

Not applicable for beds. On the following pages, please find responses to the Standards and Criteria for MRI.

- 2. For relocation or replacement of an existing licensed healthcare institution:
  - a. The applicant should provide plans, which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

The spaces currently occupied by the pediatric subspecialty physician offices and other pediatric services are located in multiple buildings throughout the area. With the need to consolidate services into a dedicated pediatric outpatient center as well as expand hospital-based diagnostic and therapeutic services, renovation of current locations is not feasible. Because space at the existing sites is insufficient for the expansion and renovation needed, it is not possible to demonstrate costs for this option. This would be an expensive and inappropriate exercise for the applicant's design team.

Detailed justification for this project can be found in Section C (3) below. Both a. and b. above are responded to in the narrative beginning below.

b. The applicant should demonstrate that there is acceptable existing of projected future demand for the proposed project.

Detailed justification for this project can be found in Section C (3) below. Both a. and b. above are responded to in the narrative beginning below.

- 3. For renovation or expansions of an existing licensed healthcare institution:
  - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

As mentioned previously, Le Bonheur has added 40 new pediatric subspecialty physicians to medical staff since 2010 and plans to add more over the coming years. With this additional physician staffing, the number of patients seen in Le Bonheur's pediatric subspecialty physician offices has increased 23% and is projected to grow by an additional 10% in 2014 with the proposed recruitment.

Current physician office space in the existing locations is approaching capacity as evidenced by clinic appointment wait times noted below:

TABLE 6
PEDIATRIC PHYSICIAN SUBSPECIALIST WAIT TIMES

Clinic to be located in the proposed Outpatient Center	Current average days to 3 <sup>rd</sup> next available appointment at existing locations
Pediatric Allergy	35
Pediatric Cardiology	34
Pediatric Endocrinology	70
Pediatric Gastroenterology	62
Genetics	64
Pediatric Nephrology	65
Pediatric Neurology	49
Otolaryngology	33
Pediatric Pulmonology	57
Pediatric Surgery, General	18
Pediatric Urology	49

Best practices for pediatric subspecialty appointment wait times are 10-14 days. The outpatient center will supply additional capacity for appointments with the goal of reducing wait times.

The additional physician office visits will require hospital-based services including diagnostic imaging, general diagnostics and therapies and rehab services. Inclusion of these services in the proposed outpatient center will allow patients and families to receive comprehensive pediatric care in one location. This service is unduplicated in the market.

## b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

The proposed building is currently utilized by Methodist and the West Clinic for adult cancer care services. The CON to relocate these adult services is being filed simultaneously. Methodist, as good stewards of its resources, reviewed available space in the planning stages of the projects, looked for the most cost effective options and developed plans to redeploy assets versus building any new buildings. Renovations are required to ensure the hospital-based space meets hospital construction codes and to make improvements required for treating pediatric patients in a patient and family centered environment.

## Project-Specific Review Criteria: Magnetic Resonance Imaging (MRI) Services

## 1. <u>Utilization Standards for non-Specialty MRI Units.</u>

a. An applicant proposing a new non-Specialty stationary MRI unit should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2880 procedures per year by the third year of service and for every year thereafter.

## TABLE 7 PROJECTED MRI UTILIZATION

	Year 1	Year 2	Year 3
Procedures	1,200	1,350	1,500

See response to 1(c) below for more information on Le Bonheur's specialized services.

b. Providers proposing a new non-Specialty mobile MRI unit should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

Not applicable; applicant is proposing fixed equipment.

c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

Le Bonheur is the only provider in the service area for comprehensive pediatric services. The expertise of Le Bonheur's pediatric providers is unduplicated in the market, and the outpatient center will increase availability of these specialized pediatric services in a location convenient for patients and families. Le Bonheur qualifies as an exception to the standard number of procedures due to the specialized use of the MRI technology for pediatric patients in a dedicated pediatric facility.

The only dedicated pediatric MRI service equipped to treat complex patients and offer sedation to young patients in the service area is available at Le Bonheur's main hospital campus, 12 miles from the proposed outpatient center, which shares capacity with acute inpatients and emergency patients. The primary function of the proposed MRI will be to serve the pediatric patients being treated in a dedicated ambulatory setting by pediatric subspecialists housed in the same location. Le Bonheur pediatric subspecialty physicians treat complex pediatric patients who require special care and sedation during diagnostic procedures. The MRI will be staffed by Le Bonheur's specially trained personnel who understand the developmental aspects of imaging children. Pediatric radiologists will read all results and pediatric anesthesiologists are available to provide sedation services on children of all ages.

Le Bonheur is uniquely equipped to care for pediatric patients and families. Children often have a difficult time coping with diagnostics and other health care services. Le Bonheur is an expert in providing care in a child-friendly environment that is most appropriate for children. The outpatient diagnostic center will be staffed with a child-life specialist, specially trained to provide distraction and play therapies to help children cope. Additionally, Le Bonheur is focused on reducing radiation exposure for children and will employ the same techniques currently used at the main campus to limit and monitor radiation exposure in children. Other outpatient diagnostic centers in the service area are not equipped to provide outpatient diagnostics to complex pediatric patients or sedation to young children. The additional MRI unit will be more convenient and more easily accessible for pediatric patients located throughout the service area.

In 2006, Le Bonheur was granted an exception to the standard number of procedures for the intraoperative MRI (iMRI). Since 2011, the iMRI has reduced returns to the operating room by

84%. The iMRI is evidence of Le Bonheur's commitment to providing advanced services for children even when an exception to the standard number of procedures is required.

d. Mobile MRI units shall not be subject to the need standard in paragraph 1 b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's service area are not adequate and/or that there are special circumstances that require these additional services.

Not applicable; applicant is proposing fixed equipment.

e. Hybrid MRI units. The HSDA may evaluate a CON application for an MRI "hybrid" Unit (an MRI Unit that is combined/utilized with another medical equipment such as a megavoltage radiation therapy unit or a positron emissions tomography unit) based on the primary purposes of the Unit.

Not applicable; applicant is not proposing "hybrid" equipment.

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the Service Area's population. Applications that include non-Tennessee counties in their proposed Service Areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

The proposed MRI located in the outpatient center will provide additional, convenient access for patients located in Le Bonheur's service area. Since this equipment is for dedicated pediatric use, placing the MRI in this location will only effect utilization of other dedicated pediatric MRI units located at Le Bonheur's main campus.

More than 77% of Le Bonheur's outpatient visits originate from the designated service area for the proposed outpatient center. The designated service area includes Shelby, Fayette and Tipton counties in Tennessee and DeSoto and Marshall counties in Mississippi. See Table 8 below for detailed volumes.

TABLE 8
2012 LE BONHEUR OUTPATIENT VISITS

Service Area	Visits	% of Total
Primary TN	116,488	71%
Primary MS	10,066	6%
Out-of-area	37,812	23%
Total	164,366	100%

3. <u>Economic Efficiencies.</u> All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

Alternate services and technologies were investigated. However, existing outpatient providers in the service area do not care for complex pediatric patients or offer pediatric sedation for all ages. To assure that pediatric patients have an MRI in a safe and specialized environment, it must be located in a Le Bonheur facility.

Sedation is a high-risk procedure. Physician privileges for deep sedation are granted by the hospital credentials committee and are limited to Anesthesiology, Emergency Medicine, Pulmonary, and Critical Care physicians. In addition, these physicians have intubation as part of core privileges and successfully complete a review and exam on the pharmacology, adverse effects, administration, dosage, and emergency interventions of the sedative drugs used within the pediatric outpatient center.

The only existing facility in the service area capable of providing outpatient MRI sedation for complex pediatric patients of all ages is located at Le Bonheur's main campus, 12 miles from the proposed outpatient center. Additionally, the existing diagnostic services at Le Bonheur's main campus also serve inpatients and emergency patients in an acute care setting. Other outpatient providers in the service area are not equipped to provide outpatient diagnostics to complex pediatric patients or sedation to young children.

## 4. Need Standard for non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 5 days per week x 50 weeks per year = 3,600 procedures per year

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

Due to the highly specialized use for pediatric patients, placing an additional MRI unit at a Le Bonheur outpatient center will only effect utilization at Le Bonheur as previously described. For reference, the following table indicates MRI utilization for facilities in the Tennessee and Mississippi service area.

The combined average utilization of existing fixed MRI units in the service area is 2,938 in 2010 and 2011 and 2,812 in 2012 based on the State Equipment Registry data. Yet, St. Jude Children's Research Hospital is an internationally recognized center of excellence dedicated to research and treatment for children with cancer and other catastrophic diseases. St. Jude is caring for a unique population of patients. Excluding St. Jude's volumes and equipment from the market calculation, the average for MRI volumes per fixed unit is 2,955 in 2012 which is well above the 2,880 threshold.

TABLE 9
UTILIZATION OF MRI EQUIPMENT 2010-2012

	20	10	20	11	2012		
Fixed Equipment	Proc	# of Units	Proc	# of Units	Proc	# of Unit	
Hospital-Based Equipment (HOSP)							
Baptist Memorial Hospital - Collierville	1,941	1	1,891	1	1,734	1	
Baptist Memorial Hospital - Memphis	11,517	3	12,052	3	11,913	3	
Baptist Rehabilitation - Germantown	1,702	1	1,622	1	1,596	1	
Baptist Rehabilitation - Germantown (Briarcrest)	370	1	585	1	650	1	
Delta Medical Center	880	1	1,006	1	787	1	
Le Bonheur Children's Medical Center *	3,856	2	4,599	2	5,289	2	
Methodist Healthcare - Germantown Hospital	8,313	2	7,698	2	6,557	2	
Methodist Healthcare - South Hospital	3,536	1	4,073	1	4,139	1	
Methodist Healthcare-North Hospital	6,359	2	6,058	2	6,092	2	
Methodist Healthcare-University Hospital	9,136	3	9,677	3	9,803	3	
Regional Medical Center /Medical Center MRI	3,733	1	3,927	1	4,491	1	
St. Francis Hospital	6,159	3	5,482	3	5,393	3	
St. Francis Hospital - Bartlett	3,030	1	3,257	2	3,642	2	
St. Jude Children's Research Hospital	9,467	3	10,031	3	6,241	4	
Baptist Memorial Hospital - Tipton	1,213	1	1,143	1	1,265	1	
Baptist Memorial Hospital - DeSoto	7,798	3	7,366	3	N/A	N/A	
Non-Hospital-Based Equipment							
Campbell Clinic - Union (1st year 2010)	64	1	2,290	1	2,155	1	
Campbell Clinic	8,081	1	6,502	1	6,321	1	
Diagnostic Imaging PC - Memphis	4,540	1	6,358	1	6,538	1_	
MSK Group PC - New Covington Pike	3,420	1	3,096	1	3,140	1	
MSK Group PC - Briarcrest **	4,043	: <b>-</b> C	4,508	-	4,489	-	
Neurology Clinic, PC	3,370	1	3,168	1	3,160	_1	
Outpatient Diagnostic Center of Memphis	2,389	1	2,207	1	2,214	1_	
Park Avenue Diagnostic Center	3,857	2	3,080	2	2,681	2	
Semmes-Murphey Clinic (Humphreys Blvd)	7,327	2	7,300	2	6,490	2	
Wesley Neurology Clinic, P.C. **	1,393	===	1,398	-	1,309	( <b>4</b> )	
West Clinic, P.C	1,304	1	1,662	1	1,564	1	
Carvel Imaging Center - Olive Branch	2,544	1	2,098	1	N/A	N/A	
Carvel Imaging Center - Southaven	2,412	1	2,307	1	N/A	N/A	
DeSoto Imaging Specialists	2,587	1	2,825	1	N/A	N/A	
Subtotal Fixed Equipment	126,341	43	129,266	44	109,653	39	
Average Procedures per Unit	2,938		2,938		2,812		
Subtotal Fixed Equipment without St. Jude	116,874	40	119,235	41	103,412	35	
Average Procedures per Unit without St. Jude	2,922		2,908		2,955		

	20	2010		2011		2012	
Mobile Equipment	Proc	# of Units	Proc	# of Units	Proc	# of Units	
Methodist Healthcare - Fayette Hospital	373	1	324	1	271	1	

Source: Medical Equipment Registry (as of July 16, 2013) and Mississippi State Health Plan 2014

\*Note: Le Bonheur Children's Hospital has two standard pediatric MRIs and an iMRI which is used specifically for neurosurgery. Volumes for the iMRI are excluded.

## 5. Need Standards for Specialty MRI Units

All of question 5 is not applicable; applicant is not proposing a Specialty MRI unit.

- a. Dedicated fixed or mobile Breast MRI Unit. An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall not receive a CON to use the MRI unit for non-dedicated purposed and shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:
  - 1. It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by mammography, ultrasound, and MRI unit equipment, and that is trained to interpret images produced by an MRI unit configured exclusively for mammographic studies;
  - 2. Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit is in compliance with the federal Mammography Quality Standards Act;
  - 3. It is part of an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical oncology, surgical oncology and an established breast cancer treatment program that is based in the proposed service area.
  - 4. It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers.
- b. Dedicated fixed or mobile Extremity MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Extremity MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Extremity MRI Unit and a CON granted for this use should so state on its face.
- c. <u>Dedicated fixed or mobile Multi-position MRI Unit</u>. An applicant proposing to institute a Dedicated fixed or mobile Multi-position MRI Unit shall provide documentation of the

<sup>\*\*</sup> Note: Baptist Rehab Briarcrest equipment is shared with MSK Group Briarcrest and Neurology Clinic PC equipment is shared with Wesley Neurology Clinic, therefore the number of units is not listed to truly reflect the number of MRIs in the service area.

total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity. Non-specialty MRI procedures shall not be performed on a Dedicated fixed or mobile Multi-position MRI Unit and a CON granted for this use should so state on its face.

6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units. If data permits, Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.

Not applicable; applicant is not proposing a Specialty MRI unit.

- 7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.
  - a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

See Attachment B: II (E) for FDA certification.

b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

The architect consulted on this project confirms that the physical environment will conform to all applicable federal standards, manufacturer's specifications and licensing agencies' requirements. See Attachment C: Economic Feasibility (1)(d) for the architect's letter.

c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

There are clinical technicians on the premises trained in basic pediatric life support when the patient is being scanned. In the event of cardiac or respiratory arrest, trained clinical personnel will initiate basic life support while the patient is being emergently removed from the scan room. The patient will be assessed and personnel will call 9-1-1 for an ambulance to transport the patient to Le Bonheur Children's Hospital. The hospital is approximately 12 miles from the proposed outpatient center. Le Bonheur provides pediatric specialty care that is only available at a tertiary, quaternary facility and is uniquely equipped to manage pediatric emergencies. Dedicated pediatric transport service staffed with pediatric trained clinical personnel is available.

d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

There are established standard protocols in place for Le Bonheur Children's Hospital to ensure all MRI procedures are medically necessary and will not unnecessarily duplicate other services. All MRI procedures are required to have a physician's written order that defines the medical necessity for MRI. All orders will be reviewed to ensure that there is no unnecessary duplication of services. Methodist has a dedicated team of nurses that precertify all MRI scans through the various third party payers. The rigorous precert process ensures medical necessity and assures that the patient does not receive duplicative procedures. See Attachment C: MRI Services (7)(d) for the System Policy outlining the guidelines for a physician order for all diagnostic services.

e. An applicant proposing to acquire any MRI Unit or institute any MRI service, including Dedicated Breast and Extremity MRI Units, shall demonstrate that it meets or is prepared to meet the staffing recommendations and requirements set forth by the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

Le Bonheur Children's Hospital is fully accredited by the American College of Radiology (ACR). This site of care will essentially be a department of the hospital and will meet all accreditation requirements. Proposed staffing in the diagnostic center meets ACR recommendations.

f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

Le Bonheur Children's Hospital will seek accreditation by the American College of Radiology in the timeframe specified.

g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

Emergencies will be transferred to Le Bonheur Children's Hospital. Le Bonheur provides pediatric specialty care that is only available at a tertiary, quaternary facility and is uniquely equipped to manage complex pediatric emergencies. Dedicated pediatric transport service staffed with pediatric trained clinical personnel is available.

Both the outpatient center and the hospital will be operated under the same license and provider number, thus there is no need for a formal transfer agreement.

The physician medical director is an active member of the medical staff. See Attachment Section MRI Services 7(g) for current medical director's CV.

8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

Methodist assures the HSDA that all data requested to maintain the Equipment Registry will be submitted within the expected time frame.

- 9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:
- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

Not applicable.

b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

Le Bonheur Children's Hospital is the only provider of pediatric tertiary and quaternary care in the service area. As a children's hospital, Le Bonheur is capable of providing comprehensive specialized pediatric medical and surgical care to all acutely ill and injured children. Le Bonheur is a regional referral center for pediatric patients and is the only comprehensive provider of pediatric specialty care within 130 miles.

c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program.

Methodist is certified for both Medicare and TennCare/Medicaid and participates in both programs. Methodist contracts with all of the TennCare plans offered in the service area and with Medicaid in adjoining States. All hospitals including the hospital-based ambulatory centers treat TennCare participants under the system's TennCare contracts.

In comparison to other large counties across the State, Shelby County is the home to a disparate number of low-income children seeking coverage from the state's Medicaid program. Methodist is one of the largest health care providers of TennCare and is committed to these patients as reflected in the projections for this proposal.

d. Who is proposing to use the MRI unit for patients that typically require longer preparation and scanning times (e.g. pediatric, special needs, sedated, and contrast agent use patients). The applicant shall provide in its application information supporting the additional time required per scan and the impact on the need standard.

Adequate preparation of children for the MRI procedure is vital to good outcomes. Pediatric specialists at Le Bonheur use a variety of resources including distraction, educational play and discussion with families to help children relax and prepare. Sedation is also commonly required for young children or those with significant behavioral problems. Both specialized preparation and sedation require longer preparation times impacting the ability to meet the need standard.

Le Bonheur's current average exam time is 46 minutes, plus additional time for entry and exit of patient from scanner. Some of the more complex pediatric scans take much longer to complete. With an additional scanner, some outpatient volume will shift from the main campus, opening up capacity for emergent and acute scans as well as additional outpatient scans of complex pediatric patients.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

This project is consistent with the long-range plan of Le Bonheur Children's Hospital to serve the pediatric health needs of the community and to provide increased access to high-quality pediatric care. Le

Bonheur strives to provide access for all children who are currently seeing adult specialists, children who are being treated and diagnosed at adult facilities and children who need multidisciplinary clinical services.

With the opening of the new Le Bonheur Children's Hospital in 2010, Le Bonheur continued its mission to transform the main campus location into a center for highly specialized tertiary and quaternary pediatric care. As the only comprehensive provider of pediatric care within 130 miles, Le Bonheur serves children throughout the region and serves as a regional referral center for pediatric patients. For the past three years, Le Bonheur has been named as one of the nation's Best Children's Hospitals by *U.S. News & World Report*.

Le Bonheur's focus on advanced pediatric care has led to increased physician recruitment and a move toward an academics and research. Le Bonheur plans to continue this important work by serving all children of the community, improving access to health care for all children, attracting and retaining pediatric subspecialists and serving as a national resource contributing to the elimination of disease.

3. Identify the proposed service area <u>and</u> justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

See Attachment Section C: Need (3) for a county level service area map. The service area includes Shelby, Fayette and Tipton counties in Tennessee as well as DeSoto and Marshall counties in Mississippi. This service area is deemed reasonable for Le Bonheur's regional pediatric services based on the proximity to the proposed location and population of the area. Approximately 77% of Le Bonheur's current outpatients originate from this service area.

4. A. Describe the demographics of the population to be served by this proposal.

The total population of the designated service area is estimated at 1,247,435 in 2013 and is projected to be 1,284,717 in 2018, reflecting growth rate of 3%. For the same area, the population under 18 for 2013 was estimated at 323,544, projected to be 324,770 in 2018, with a growth rate of 1%.

## TABLE 10 2013-2018 DEMOGRAPHIC CHARACTERISTICS PROJECTED 2013 SERVICE AREA (SHELBY, FAYETTE, TIPTON IN TN AND DESOTO AND MARSHALL IN MS)

DEMOGRAPHIC CHARACTERISTICS						
	Selected Area	USA		2013	2018	% Change
2010 Total Population	1,225,548	308,745,538	Total Male Population	600,028	619,544	3.3%
2013 Total Population	1,247,435	314,861,807	Total Female Population	647,407	665,173	2.7%
2018 Total Population	1,284,717	325,322,277	Females, Child Bearing Age (15-44)	261,624	259,282	-0.9%
% Change 2013 - 2018	3.0%	3,3%				
Average Household Income	\$64,194	\$69,637				

POPULATION	DISTRIBUTION	ON				HOUSEHOLD INCOME DISTRIBU	TION		
		100	Age Distribut	lon	- 110.110	The State of the S	Inco	ome Distributi	on
Age Group	2013	% of Total	2018	% of Total	USA 2013 % of Total	2013 Household Income	HH Count	% of Total	USA % of Total
0-14	266,402	21.4%	269,659	21.0%	19,6%	<\$15K	71,997	15.4%	13.8%
15-17	57,142	4.6%	55,111	4.3%	4.1%	\$15-25K	54,131	11,6%	11.6%
18-24	124,218	10.0%	126,142	9.8%	10.0%	\$25-50K	125,098	26.8%	25.3%
25-34	166,852	13.4%	168,536	13,1%	13.1%	\$50-75K	84,499	18,1%	18,1%
35-54	339,551	27.2%	330,467	25.7%	26.9%	\$75-100K	52,486	11.2%	11.7%
55-64	149,601	12.0%	161,339	12,6%	12.4%	Over \$100K	78,461	16.8%	19,5%
65+	143,669	11.5%	173,463	13.5%	13.9%				
Total	1,247,435	100.0%	1,284,717	100.0%	100.0%	Total	466,672	100.0%	100.0%

EDUCATION LEVEL			RACE/ETHNICITY					
	Educati	on Level Distril	bution		Race/E	thnicity Distrit	oution	
2013 Adult Education Level	Pop Age 25+	% of Total	USA % of Total	Race/Ethnicity	2013 Pop	% of Total	USA % of Total	
Less than High School	38,431	4.8%	6.2%	White Non-Hispanic	552,093	44.3%	62.3%	
Some High School	75,282	9.4%	8.4%	Black Non-Hispanic	576,098	46.2%	12.3%	
High School Degree	235,561	29,5%	28.4%	Hispanic	73,388	5.9%	17,3%	
Some College/Assoc. Degree	246,827	30.9%	28.9%	Asian & Pacific Is. Non-Hispanic	26,539	2.1%	5.1%	
Bachelor's Degree or Greater	203,572	25.5%	28.1%	All Others	19,317	1.5%	2.9%	
Total	799,673	100.0%	100.0%	Total	1,247,435	100.0%	100.0%	

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B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

The population of this service area is comprised of children and infants with rates higher than the national average for extreme poverty, low-birth weight babies, and infant mortality. The specialized needs of these pediatric patients serves to increase immediate and long-term serious health problems and the need for specialized pediatric outpatient care including MRI.

• Thirty percent of Shelby County children are living in poverty and of this 30 percent, half are in extreme poverty. Shelby County is well above the national child poverty rate is 21.9 percent.

- Shelby County's infant mortality rate is 9.6 infant deaths per 1,000 live births, higher than the national average of 6.1 per 1,000 live births.
- Shelby County's percentage of low-birth-weight babies is 11 percent, higher than the national average of 8.1 percent.

Le Bonheur is the only provider in the region for comprehensive pediatric services and the proposed center will be the only dedicated pediatric outpatient center in the service area equipped to handle these complex pediatric patients.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

The MRI utilization for existing services is reported under the MRI criteria, yet it is repeated on the following pages for convenience.

There are approved, yet unimplemented CONs of similar institutions in the service area. Yet, as noted previously, the expertise of Le Bonheur's pediatric providers is unduplicated in the market, and the outpatient center will increase availability of these specialized pediatric services in a location convenient for patients and families.

## **COPY OF TABLE 9**

## UTILIZATION OF MRI EQUIPMENT 2010-2012

	20	10	20	11	2012	
Fixed Equipment	Proc	# of Units	Proc	# of Units	Proc	# of Units
Hospital-Based Equipment (HOSP)						
Baptist Memorial Hospital - Collierville	1,941	1	1,891	1	1,734	1
Baptist Memorial Hospital - Memphis	11,517	3	12,052	3	11,913	3
Baptist Rehabilitation - Germantown	1,702	1	1,622	1	1,596	1
Baptist Rehabilitation - Germantown (Briarcrest)	370	1	585	1	650	1
Delta Medical Center	880	1	1,006	1	787	1
Le Bonheur Children's Medical Center *	3,856	2	4,599	2	5,289	2
Methodist Healthcare - Germantown Hospital	8,313	2	7,698	2	6,557	2
Methodist Healthcare - South Hospital	3,536	1	4,073	1	4,139	1
Methodist Healthcare-North Hospital	6,359	2	6,058	2	6,092	2
Methodist Healthcare-University Hospital	9,136	3	9,677	3	9,803	3
Regional Medical Center /Medical Center MRI	3,733	1	3,927	1	4,491	1
St. Francis Hospital	6,159	3	5,482	3	5,393	3
St. Francis Hospital - Bartlett	3,030	1	3,257	2	3,642	2
St. Jude Children's Research Hospital	9,467	3	10,031	3	6,241	4
Baptist Memorial Hospital - Tipton	1,213	1	1,143	1	1,265	1
Baptist Memorial Hospital - DeSoto	7,798	3	7,366	3	N/A	N/A
Non-Hospital-Based Equipment				_		
Campbell Clinic - Union (1st year 2010)	64	1	2,290	1	2,155	1
Campbell Clinic	8,081	1	6,502	1	6,321	1
Diagnostic Imaging PC - Memphis	4,540	1	6,358	1	6,538	1
MSK Group PC - New Covington Pike	3,420	1	3,096	1	3,140	1
MSK Group PC - Briarcrest **	4,043	: <b>=</b> 0	4,508	( <del>+</del> 0)	4,489	
Neurology Clinic, PC	3,370	1	3,168	1	3,160	1
Outpatient Diagnostic Center of Memphis	2,389	1	2,207	11	2,214	1
Park Avenue Diagnostic Center	3,857	2	3,080	2	2,681	2
Semmes-Murphey Clinic (Humphreys Blvd)	7,327	2	7,300	2	6,490	2
Wesley Neurology Clinic, P.C. **	1,393	<b>2</b> 0	1,398	<b>:</b>	1,309	(4)
West Clinic, P.C	1,304	1	1,662	1	1,564	1
Carvel Imaging Center - Olive Branch	2,544	1	2,098	1	N/A	N/A
Carvel Imaging Center - Southaven	2,412	1	2,307	1	N/A	N/A
DeSoto Imaging Specialists	2,587	1	2,825	1	N/A	N/A
Subtotal Fixed Equipment	126,341	43	129,266	44	109,653	39
Average Procedures per Unit	2,938		2,938		2,812	
Subtotal Fixed Equipment without St. Jude	116,874	40	119,235	41	103,412	35
Average Procedures per Unit without St. Jude	2,922	TU	2,908	71	2,955	33

2010	2011	2012			
	# of		# of		# of
Proc	Units	Proc	Units	Proc	Units
373	1	324	1	271	1
	Proc	Proc # of Units	Proc Units Proc	Proc Units Proc Units # of Units	Proc Units Proc Units Proc

Source: Medical Equipment Registry (as of July 16, 2013) and Mississippi State Health Plan 2014

\*Note: Le Bonheur Children's Hospital has two standard pediatric MRIs and an iMRI which is used specifically for neurosurgery. Volumes for the iMRI are excluded.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology <u>must include</u> detailed calculations or documentation from referral sources, and identification of all assumptions.

The two tables below represent the average number of procedures currently provided by the two standard MRI units located at Le Bonheur's main campus (this excludes procedures performed on the iMRI) and the projected average number that would result if three units were available.

TABLE 11 HISTORICAL MRI SCANS

	Actual 2011	Actual 2012	Projected 2013
Procedures	4,599	5,289	5,558
# of units	2	2	2
Avg. per unit	2,300	2,649	2,779

TABLE 12 PROJECTED MRI SCANS

	Year 1	Year 2
Procedures	7,752	8,164
# of units	3	3
Avg. per unit	2,584	2,721

The average annual clinical procedures per MRI unit at Le Bonheur is approaching capacity. With the addition of the proposed MRI unit in the outpatient center, we anticipate a shift of outpatients from the main campus to the new facility based on proximity and convenience. Methodology includes the following assumptions:

- 80% of the current MRI procedure volume located geographically closer to the proposed outpatient center would shift to the new facility.
- Additional volume projections based on the current utilization of pediatric subspecialists along with the planned recruitment of additional subspecialists.

<sup>\*\*</sup> Note: Baptist Rehab Briarcrest equipment is shared with MSK Group Briarcrest and Neurology Clinic PC equipment is shared with Wesley Neurology Clinic, therefore the number of units is not listed to truly reflect the number of MRIs in the service area.

## ECONOMIC FEASIBILITY

- 1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
  - All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)

The CON filing fee calculated from Line D of the Project Costs Chart was \$45,000; therefore a check for this amount accompanies the application.

• The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the project procedures, the "per click" rate and the term of the lease.

The lease for the building is estimated at \$18,756,912 for the remainder of the lease (from 2015 when leased is assigned to this project through the end of the lease in 2026) and the fair market value is estimated lower than lease cost. The hospital-based space is approx 69% of the total building square footage, therefore, that portion of the lease payments (the greater of the lease and fair market value) are included in the project costs at \$12,913,252.

 The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

See Attachment C: Economic Feasibility (1)(c) for the list of moveable equipment over \$50,000.

For projects that include new construction, modification, and/or renovation;
 documentation must be provided from a contractor and/or architect that support the estimated construction costs

A letter from the architect follows as Attachment C: Economic Feasibility (1)(d).

#### PROJECT COSTS CHART

A.	Con	struction and equipment acquired by purchase.	
	1.	Architectural and Engineering Fees	490,759
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	10,000
	3.	Acquisition of Site	
	4.	Preparation of Site	
	5.	Construction Costs	3,992,600
	6.	Contingency Fund	399,260
	7.	Fixed Equipment (Not included in Construction Contract)	
	8.	Moveable Equipment (List all equipment over \$50,000)	8,791,986
	9.	Other (Specify)	156,000
В.	Acq	uisition by gift, donation, or lease:	
	1.	Facility (inclusive of building and land)	12,913,252
	2.	Building only	·
	3.	Land only	
	4.	Equipment (Specify)	<u>-</u>
	5.	Other (Specify)	
C.	Fina	ncing Costs and Fees:	
	1.	Interim Financing	
	2.	Underwriting Costs	
	3.	Reserve for One Year's Debt Service	
	4.	Other (Specify)	-
D.		mated Project Cost B+C)	26,753,857
E.	CON	N Filing Fee	45,000
F		al Estimated Project Cost	24.700.0-7
	(D+)	E) TOTAL	26,798,857

Please check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility(2.)

	<b>A.</b>	Commercial loan—Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
	В.	Tax-exempt bonds—Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
	C.	General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
	D.	GrantsNotification of intent form for grant application or notice of grant award; or
X	E.	Cash ReservesAppropriate documentation from Chief Financial Officer.
	F.	Other—Identify and document funding from all other sources.
		Methodist Healthcare is prepared to fund the project cost with cash reserves. See the attached letter from the Chief Financial Officer. Attachment C: Economic Feasibility (2)

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

The costs of the project are reasonable and comparable to similar CON projects approved throughout the service area over the last few years. This project has an estimated cost per square foot of approximately \$152 (\$3,992,600 / 26,360 sf). See the cost per square foot comparison below.

COPY OF TABLE 2
COST PER SQUARE FOOT COMPARISON WITH APPROVED PROJECTS

	Date	Cost per
CON Name	Filed	Square Foot
Methodist University PET	Nov-11	\$ 244
Renovation & Relocation		
Campbell Clinic	Aug-12	\$ 244
<b>Surgery Center Construction &amp; Renovation</b>		
The Regional Medical Center - The Med	Aug-12	\$ 225
Hospital Construction & Renovation		
Baptist Memorial Women's Hospital	Dec-12	\$ 238
ED Construction & Renovation		
Baptist Memorial Tipton Hospital	Dec-12	\$ 250
Establish Cancer Center (Relocation)		

4. Complete Historical and Projected Data Charts on the following two pages--<u>Do not modify the Charts provided or submit Chart substitutions!</u> Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

Following this page are the Historic Data Chart for Methodist Healthcare-Memphis Hospitals, and a Projected Data Chart for Le Bonheur Children's Hospital. See Attachment C: Economic Feasibility (4) for items included in the Other Expense and Revenue amounts.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

The average gross charge and deduction amounts below are calculated using adjusted discharges

Average Gross Charge	\$ 70,070
Average Deduction	48,021
Average Net Charge	\$ 22,049

#### HISTORICAL DATA CHART

#### $\underline{Methodist\ Healthcare-Memphis\ Hospitals}$

Give information for the last *three* (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

A.	Utilization Data (Patient Days)	Ye	ear 2010 343,664	Ye	ear <b>2011</b> 354,115	Yea	2012 350,565
В.	Revenue from Services to Patients	-		(in tho	usands)		
	1. Inpatient Services	\$	2,356,295	\$	2,473,036	\$	2,547,551
	2. Outpatient Services	_	1,268,029		1,409,960	_	2,028,543
	3. Emergency Services	1.5	206,355		242,879	-	285,982
	4. Other Operating Revenue	35	16,542	-	16,716	-	29,498
	(Specify) see attached					-	<del></del> :
	Gross Operating Revenue	\$_	3,847,221	\$_	4,142,591	\$_	4,891,574
C.	Deductions from Gross Operating Revenue						
	1. Contractual Adjustments	\$	2,354,936	\$	2,531,442	\$	3,052,543
	2. Provision for Charity Care		291,148	-	319,941		338,430
	3. Provisions for Bad Debt	-	94,541		112,949		142,763
	<b>Total Deductions</b>	\$	2,740,625	\$	2,964,332	\$_	3,533,736
NE'	Γ OPERATING REVENUE	\$_	1,106,596	\$	1,178,259	\$_	1,357,838
D.	Operating Expenses						
	1. Salaries and Wages	\$	387,179	\$	406,073	\$_	433,147
	2. Physician's Salaries and Wages		6,016		3,224		4,073
	3. Supplies		225,698		233,548		301,936
	4. Taxes	-	1,116		1,392	_	1,762
	5. Depreciation		53,892	-	70,172		72,894
	6. Rent	_	2,271	_	2,462	_	7,098
	7. Interest, other than Capital	-	= = = = = = = = = = = = = = = = = = = =				
	8. Management Fees: a) Fees to Affiliates		1,482		1,072	_	4,268
	b) Fees to Non-Affiliates	-	3,068	_	2,768	_	2,584
	9. Other Expenses see attached	-	362,941	V.	381,551	_	451,042
	<b>Total Operating Expenses</b>	\$_	1,043,663	\$	1,102,262	\$_	1,278,804
E.	Other Revenue (Expenses) – Net see attached	\$_	46,696	\$	33,080	\$_	33,243
NET OPERATING INCOME (LOSS)		\$_	109,629	\$	109,077	\$_	112,277
F.	Capital Expenditures						
	1. Retirement of Principal	\$		\$		\$_	
	2. Interest	_	12,792	x-	24,440	_	24,053
NE.	Total Capital Expenditures COPERATING INCOME (LOSS)	\$_	12,792	\$_	24,440	\$	24,053
	SS CAPITAL EXPENDITURES	\$_	96,837	\$	84,637	\$_	88,224

#### PROJECTED DATA CHART

#### Le Bonheur Children's Hospital

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in \_\_\_\_\_\_ January\_\_\_ (Month).

				Year	2017	Year	2018
A.	Util	ization Data (Patient days)		_	65,197	S 3	65,523
B.		renue from Services to Patients			`	housand	•
	1.	Inpatient Services		\$_	711,935	\$ _	751,268
	2.	Outpatient Services		-	423,696	: :	447,824
	3.	Emergency Services		-			
	4.	Other Operating Revenue	see attached	_	7,227	8 8	7,293
	_		<b>Gross Operating Revenue</b>	\$	1,142,857	\$	1,206,386
C.	Dec	luctions from Gross Operating R	Revenue				
	1.	Contractual Adjustments		\$	741,645	\$ _	792,608
	2.	Provision for Charity Care		_	11,555		12,202
	3.	Provisions for Bad Debt		_	30,034		32,513
			<b>Total Deductions</b>	\$	783,234	\$	837,324
NET	OP	ERATING REVENUE		<b>\$</b>	359,623	\$ _	369,063
D.	Оре	rating Expenses					
	1.	Salaries and Wages		\$	123,101	\$	126,628
	2.	Physician's Salaries and Wage	S		494	-	511
	3.	Supplies			46,016		47,461
	4.	Taxes		_	344		351
	5.	Depreciation		S <u>-</u>	30,989		28,809
	6.	Rent			2,555	_	2,585
	7.	Interest, other than Capital					
	8.	Management Fees:	a) Fees to Affiliates		219		224
			b) Fees to Non-Affiliates	_	512		522
	8.	Other Expenses	see attached		134,411		138,382
			<b>Total Operating Expenses</b>	\$_	338,644	\$	345,473
E.	Oth	er Revenue (Expenses) Net (S	pecify)	\$	27,603	\$_	31,617
NET	OPI	ERATING INCOME (LOSS)		\$	48,583	\$	55,207
F.	Cap	ital Expenditures					
	1.	Retirement of Principal		_			-
	2.	Interest		_	18,130		17,443
			<b>Total Capital Expenditures</b>	\$	18,130	\$ _	17,443
		ERATING INCOME (LOSS)	•	20.452	•	25.564	
LES	S CA	PITAL EXPENDITURES		<b>\$</b>	30,452	\$ _	37,764

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

There will be no change to the existing charge structure as a result of this project, yet there will be normal unrelated rate increases over the next several years. See the current MRI and CT charges below.

TABLE 13 METHODIST CURRENT CHARGE SCHEDULES

Procedure	CPT	Current Rate
СТ		(2)
3D RENDERING CT/MRI/US/OTH W POSTPROCESS	76377	\$ 1,040
CT ABD AND PEL WITH CONTRAST	74177	\$ 5,036
CT ABD AND PEL WO CONTRAST	74176	\$ 3,637
CT ANGIO CHEST W/WO CONT W IMAGE POST PR	71275	\$ 2,931
CT BRAIN/HEAD WO CONT	70450	\$ 1,820
CT MAXILLOFACIAL AREA W CONT	70487	\$ 2,518
CT MAXILLOFACIAL AREA WO CONT	70486	\$ 1,820
CT ORBIT/SELLA/POST FOSSA/EAR WO CONT	70480	\$ 1,820
CT SOFT TISSUE NECK W CONT	70491	\$ 2,518
CT SPINE CERV WO CONT	72125	\$ 1,820
CT THORAX W CONT	71260	\$ 2,518
CT THORAX WO CONT	71250	\$ 1,820
MRI		
MRA HEAD W/WO CONT	70546	4,801.00
MRA HEAD WO CONT	70544	3,526.00
MRI ABD WO CONT	74181	3,526.00
MRI BRAIN & STEM W/WO CONT	70553	4,801.00
MRI BRAIN & STEM WO CONT	70551	3,526.00
MRI BRAIN FUNCTIONAL MRI BY PHYS/PSYCH	70555	2,864.00
MRI ORBIT/FACE/NECK W/WO CONT	70543	4,801.00
MRI SPINE CERV W/WO CONT	72156	4,801.00
MRI SPINE CERV WO CONT	72141	3,526.00
MRI SPINE LUMBAR W/WO CONT	72158	4,801.00
MRI SPINE LUMBAR WO CONT	72148	3,526.00
MRI SPINE THORACIC W/WO CONT	72157	4,801.00
MRI SPINE THORACIC WO CONT	72146	3,526.00

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projected recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Based upon the review, the proposed charges are reasonable and comparable for MRI and CT services in the service area. There will be no impact to the charge structure due to this project. Tables 14 and 15

below show the comparisons of charges based on data from the 2012 State Equipment Registry. With normal rate increases, projected revenue is reasonable and comparable.

TABLE 14
METHODIST SERVICE AREA
HOSPITAL-BASED MRI CHARGE COMPARISON, 2012

Facility Type	Facility	Charge per Procedure
HOSP	Baptist Memorial Hospital-Collierville	\$ 2,386
HOSP	Baptist Memorial Hospital-Memphis	\$ 2,438
HOSP	Baptist Memorial Hospital-Tipton	\$ 2,347
HOSP	Regional Medical Center at Memphis	\$ 3,101
HOSP	St. Francis Hospital	\$ 4,096
HOSP	St. Francis Hospital – Bartlett	\$ 2,743
PED-HOSP	St. Jude Children's Research Hospital	\$ 3,701
PED-HOSP	Le Bonheur Children's Hospital	\$ 3,743

TABLE 15 METHODIST SERVICE AREA HOSPITAL-BASED CT CHARGE COMPARISON, 2012

Facility Type	Facility	Charge per Procedure
HOSP	Baptist Memorial Hospital-Collierville	\$ 2,482
HOSP	Baptist Memorial Hospital-Memphis	\$ 2,276
HOSP	Baptist Memorial Hospital for Women	\$ 2,832
HOSP	Baptist Memorial Hospital-Tipton	\$ 2,558
HOSP	Regional Medical Center at Memphis	\$ 2,493
HOSP	St. Francis Hospital	\$ 4,827
HOSP	St. Francis Hospital – Bartlett	\$ 4,451
PED-HOSP	St. Jude Children's Research Hospital *	\$ 615
PED-HOSP	Le Bonheur Children's Hospital	\$ 2,082

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

The projections in this application demonstrate that Methodist Healthcare-Memphis Hospitals and Le Bonheur Children's Hospital will remain financially viable. The comparisons of average charges at facilities of similar approved scope, as documented in the previous section, demonstrate that the applicant will remain relatively cost-effective.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

As reflected in this application's historic and projected data charts, Methodist Healthcare-Memphis Hospitals and Le Bonheur Children's Hospital are viable today, and will remain financially viable during its first two years of operation and subsequently.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Le Bonheur Children's Hospital currently serves the Medicare, TennCare, and medically indigent populations. The estimated payor mix for 2017, the first full year of operation, is shown below.

TABLE 16 PROJECTED PAYOR MIX, 2017

Payor	Revenue	% of Total Revenue
Medicare	\$ 8,218,484	1%
TennCare/Medicaid	\$ 754,754,136	66%
Self Pay	\$ 11,732,531	2%
Commercial/Other	\$ 360,925,004	32%
Total	\$ 1,135,630,155	100%

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

Audited financials and cash are held at the corporate level, therefore, please see the attached most recent audited financials for Methodist Healthcare. Also, a balance sheet for the period ending September 2013 for Methodist Le Bonheur Healthcare is included along with an income statement for Methodist Healthcare – Memphis Hospitals. See Attachment C: Economic Feasibility (10).

- 11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
  - a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

Alternatives to the proposed project included expanding services at existing locations or opening additional locations in the service area.

The expansion of services in existing locations is not feasible due to the lack of sufficient space for expansion. Additionally, the existing locations share space with adult health services and this does not meet the need of treating pediatric patients in a dedicated pediatric facility.

The opening of additional locations in the service area was also considered. This alternative would also not provide pediatric services in dedicated pediatric location. The opening of additional locations would not increase convenience for patients and families or allow for efficiencies in providing care or collaboration among specialists.

The proposed project is by far the most rational long-range investment. By consolidating and expanding services in an existing location known for health care services, Le Bonheur is able to offer additional access to pediatric patients in the service area, while shifting outpatient volume from the main campus and opening up capacity for research and academic needs that are part of Le Bonheur's long-range plan. This alternative is the only option that can address capacity and efficiency needs, provide patients and families an additional, convenient access point and provide pediatric patients in the area with high-quality care in a dedicated pediatric facility.

#### CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

Le Bonheur Children's hospital has working relationships with the following physician groups:

- UT Le Bonheur Pediatric Specialists
- Campbell Clinic Orthopaedics
- Duckworth Pathology Group
- Pediatric Anesthesiologists PA
- Pediatric Emergency Specialists PC
- Semmes-Murphey Neurologic and Spine Institute
- UT Medical Group, Inc.

The Methodist Healthcare-Memphis Hospitals' license includes five hospitals:

- Methodist Healthcare-University Hospital
- Methodist Healthcare-South Hospital
- Methodist Healthcare-North Hospital
- Methodist Healthcare-Le Bonheur Germantown Hospital
- Le Bonheur Children's Hospital

Additionally, Methodist Healthcare owns and operates Methodist Alliance Services, a comprehensive home care company, and a wide array of other ambulatory services such as minor medical and urgent care centers, outpatient diagnostic centers and ambulatory surgery centers.

Methodist Healthcare is part of the University Medical Center Alliance which also includes the University of Tennessee and the Memphis Regional Medical Center (The Med). The goal of this council is to support the quality of care, patient safety and efficiency across all three institutions.

There are also agreements with the Mid-South Tissue Bank, the Mid-South Transplant Foundation, Duckworth Pathology and PhyAmerica. In addition, there is an agreement with Premier Purchasing Partners.

A list of managed care contracts is attached in Attachment C: Orderly Development (1).

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

The proposed pediatric outpatient center will shift outpatient volume from the Le Bonheur main campus in downtown Memphis to a more accessible location in East Memphis and will offer additional outpatient capacity. This shift will free up space at the main campus for the expanded research and academic needs that are part of Le Bonheur's long-range plan.

The resulting shift will improve care for children in the region by offering an additional, convenient location to receive care and expanding capacity for both outpatient care and research and academic work. The expanded space for research and academic work will support Le Bonheur's plans to continue to recruit top pediatric specialists to the area.

As the only provider of comprehensive pediatric care in the service area, the proposed project does not duplicate services of existing providers.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

All positions at Methodist are reviewed at least annually for market competitiveness. Tools for analysis for this review are comprised of several local and regional surveys, as well as several national surveys. Methodist strives to be competitive in pay and pay reported in the aforementioned surveys. See table below for the FTE's by position and prevailing wage patterns in the service area.

TABLE 17
METHODIST LE BONHEUR HEALTHCARE
CURRENT PREVAILING WAGES AND
ANTICIPATED CLINICAL STAFFING PATTERNS, 2017-2018

		Le Bonhe	ur	BLS 2012 Memphis MSA Data *			
Methodist Position Title	FTE's 2017	FTE's 2018	Mid Hourly 2013	Mean Hourly	Mean Annual	BLS Occupation Title	
Access Facilitator	2.0	2.0	\$ 13.39	\$ 13.94	\$ 28,990	Medical Secretaries	
Audiologist	1.0	1.0	\$ 31.99	\$ 26.88	\$ 55,910	Audiologist	
Case Manager	1.0	1.0	\$ 31.99	\$ 25.22	\$ 52,450	Health Care Social Workers	
Child Life Specialist	3.0	3.0	\$ 19.71	\$ 25.37	\$ 52,770	Healthcare Practitioners, Other	
CT Tech II	2.0	2.0	\$ 26.37	\$ 25.16	\$ 52,330	Radiologic Technologist	
Echocardiographer	0.4	0.4	\$ 31.99	\$ 21.53	\$ 44,780	Cardiovascular Technologist	
EKG Tech	0.4	0.4	\$ 16.24	\$ 21.53	\$ 44,780	Cardiovascular Technologist	
EVS attendant	1.0	1.0	\$ 11.04	\$ 13.92	\$ 28,960	Building Cleaning Workers	
MRI Tech II	2.0	2.0	\$ 26.37	\$ 28.11	\$ 58,470	MRI Technologist	
OccupTherapist	3.1	3.1	\$ 35.25	\$ 36.23	\$ 75,360	Occupational Therapist	
Patient Escort	1.0	1.0	\$ 11.04	\$ 18.91	\$ 39,320	Healthcare Support, Other	
Phlebotomist	2.0	2.0	\$ 13.39	\$ 12.77	\$ 26,570	Phlebotomist	
Physical Therapist	2.6	2.6	\$ 35.25	\$ 38.74	\$ 80,570	Physical	
Radiology Tech	3.0	3.0	\$ 26.37	\$ 25.16	\$ 52,330	Radiologic Technologist	
Receptionist/Clerk	2.0	2.0	\$ 13.39	\$ 12.26	\$ 25,490	Receptionists and Info Clerks	
Rehab Services Tech	1.0	1.0	\$ 10.44	\$ 12.40	\$ 25,790	Rehab Counselors	
Rehab Supervisor	1.0	1.0	\$ 38.83	\$ 43.46	\$ 90,400	Medical/Health Services Mgrs	
RN Radiology	3.0	3.0	\$ 26.37	\$ 29.09	\$ 60,500	Registered Nurse	
Scheduler	1.0	1.0	\$ 14.75	\$ 13.94	\$ 28,990	Medical Secretaries	
Security Officer	1.0	1.0	\$ 13.39	\$ 11.23	\$ 23,350	Security Guards	
Site Manager	1.0	1.0	\$ 38.83	\$ 44.72	\$ 93,010	Managers, Other	
Speech Pathologist	4.0	4.0	\$ 35.25	\$ 30.32	\$ 63,060	Speech-language Pathologist	
Ultrasound Tech	1.0	1.0	\$ 31.99	\$ 25.16	\$ 52,330	Radiologic Technologist	
Total	39.5	39.5					
* Source: Bureau of Labor Statistics - May 2012 MSA Occupational Employment & Wage Estimates - Memphis							

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

Recruitment of clinical professionals is challenging, but the hospital's additions of staff will take place incrementally over the next 3- 4 years. Methodist fortunately has the resources to successfully support these recruitment efforts.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

The applicant so verifies. Le Bonheur Children's Hospital reviewed and meets all the State requirements for physician supervision, credentialing, admission privileges and quality assurance policies and programs, utilization review policies and programs, record keeping and staff education.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Methodist Le Bonheur Healthcare has clinical affiliation agreements with multiple colleges including 23 for nursing, 30 for rehabilitation service professionals (physical therapy, speech therapy, and audiology), 3 for pharmacy, and 19 for other allied health professionals including paramedics, laboratory, respiratory therapy, radiation therapy technicians. As a part of Methodist Le Bonheur Healthcare, Le Bonheur Children's Hospital offers an additional site for clinical training. There are approximately 1400 students annually participating in these programs at Methodist.

Methodist - Le Bonheur participates very heavily in the training of students from various medical disciplines. Since relationships exist with most of the schools in Memphis, most of the students have also been trained academically in this region. The three primary disciplines that participate in the training of students at Methodist - Le Bonheur are medicine, nursing, and psychosocial services.

In the area of medicine, there are many different specialties represented in the interns and residents who train at Methodist - Le Bonheur. A list of those specialties is provided below:

Anesthesiology Med/Peds
Immunology Nephrology
Critical Care Neurology
Emergency medicine Neurosurgery
Endocrinology Orthopedics
Family Medicine Otolaryngology
Infectious Disease Urology

Pediatrics
Pediatric Nephrology
Pediatric Surgery
Radiology
Surgery

Thoracic Surgery Ophthalmology

Likewise, because there are several nursing schools in the area, Methodist - Le Bonheur is very active in the training of future nurses. These nurses come from several types of programs, which include Bachelor's Degrees, Associate Degrees, Licensed Practical Nurse programs and Diploma programs. Methodist - Le Bonheur participates in training of students from the following schools:

Methodist Healthcare University of Memphis Baptist Health System Southwest Tennessee Community College University of Tennessee Northwest Mississippi Jr. College Regional Medical Center Tennessee Centers of Technology 7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

Le Bonheur Children's Hospital has reviewed these, and meets all applicable requirements of the Department of Health. Other departments are not involved with this facility.

(b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

#### Licensure:

The general hospital license held by Methodist Healthcare-Memphis Hospitals d/b/a Le Bonheur Children's Hospital is from the Tennessee Department of Health, Board for Licensing Health Care Facilities

#### Accreditation:

The accreditation agency for Le Bonheur Children's Hospital is the Joint Commission on Accreditation of Healthcare Organizations, from whom the hospital has a full three-year accreditation.

(c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

Le Bonheur Children's Hospital is in good standing with the Department of Health, the Healthcare Facility Licensing Board and Joint Commission. The hospital license and accreditation report is attached. See Attachment C: Orderly Development (7)(c)

(d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

Documentation regarding deficiencies and approved plan of correction in our licensure is attached. See Attachment C: Orderly Development (7)(d)(1) and C: Orderly Development (7)(d)(2).

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

None

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

None

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

Should this application be approved, Le Bonheur Children's Hospital will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed and other data as required.

#### PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

The full page of the <u>Commercial Appeal</u> newspaper in which the Notice of Intent appeared is attached as Attachment C: Proof of Publication.

#### DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.

Not applicable.

2. If the response to the preceding question indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.

Not applicable.

#### PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68 –11-1609(c): February 26, 2014

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	DAYS REQUIRED	Anticipated Date (MONTH/YEAR)
1. Architectural and engineering contract signed	60	Apr / 2014
2. Construction documents approved by the Tennessee Department of Health	150	Aug / 2014
3. Construction contract signed	60	Apr / 2014
4. Building permit secured	180	Sept / 2014
5. Site preparation completed	NA	NA
6. Building construction commenced	210	Oct / 2014
7. Construction 40% complete	660	Dec / 2015
8. Construction 80% complete	720	Feb / 2016
9. Construction 100% complete (approved for occupancy)	780	Apr / 2016
10. *Issuance of license	810	May / 2016
11. *Initiation of service	810	May / 2016
12. Final Architectural Certification of Payment	870	July / 2016
13. Final Project Report Form (HF0055)	900	Aug / 2016

For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final

# **ATTACHMENTS**

#### INDEX OF ATTACHMENTS

A:3	Corporate Charter and Certificate of Existence
A:4	Ownership-Legal Entity and Organization Chart
A:6	Site Control
B: II (E)	FDA Certificate
B: II (E)(3)	Equipment Vendor Quotes
B:III (A)	Plot Plan
B:III (B)	Road Maps and Public Transportation Routes
B:IV	Floor Plans
C: MRI Services (7)(d)	Outpatient Diagnostic Services System Policy
C: MRI Services (7)(e)	ACR Accreditation
C: MRI Services (7)(g)	Medical Director CV
C: Need (3)	Service Area Map
C: Economic Feasibility (1)(c)	Moveable Equipment Listing > \$50,000
C: Economic Feasibility (1)(d)	Documentation of Construction Cost Estimate
C: Economic Feasibility (2)	Documentation of Availability of Funding
C: Economic Feasibility (4)	Detail of Other Revenue and Expense
C: Economic Feasibility (10)	Financial Statements
C: Orderly Development (1)	List of Managed Care Contracts
C: Orderly Development (7)(c)	License from Board of Licensing Health Care Facilities
C: Orderly Development (7)(d)(1)	TDH Licensure Survey and Plan of Correction
C: Orderly Development (7)(d)(2)	Joint Commission Accreditation and Survey Summary
C: Proof of Publication	
Support Letters	

# A:3 Corporate Charter and Certificate of Existence

#### MATICALS OF AMERICANS TO THE CHARGE

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#### METHODIST HOSPITALS OF MINERIA

Pursuant to the provisions of Section 48-60-101 et. seq. of the Tennessee Monprofit Corporation Act, the undersigned corporation adopts the following Articles of Amendment to its.

- 1. The name of the corporation is:

  Methodist Mospitals of Memphis
- The amendment adopted is:

The name of the corporation is hereby changed from Methodist Hospitals of Memphis to Methodist Healthcare - Memphis Hospitals.

- The Amendment was duly adopted on January 15, 1998 by the Board of Directors of Methodist Health Systems, Inc., a Tennessee numprofit corporation, acting as the Members of Methodist Hospitals of Memphis.
- 4. This amendment shall be affective February 1, 1998.
- S. Additional approval for this charter amendment was not required.

STORED BY

W. Steven West General Counsel/Assistant Secretar

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# SICACIAN DE STATE CHARTER

ESS JE 18 PH 2 DETRODIST HOSPITALS OF MEMPHIS

NG 7448

Pursuant to the provisions of \$ 46-1-304 of the Tonneapee General Corporation Act, Methodist Hospitals of Remphis adopts the following restated charter:

#### PART I

1. The name of the Corporation is:

#### METEODIST HOSPITALS OF MEMPHIS

- 2. The duration of the Corporation is perpetual.
- 3. The address of the principal office of the Corporation in the State of Tennessee shall be 1265 Union Avenue, Memphis, Shelby County, Tennessee.
  - 4. The Corporation is not for profit.
- 5. The purposes for which the Corporation is organized are:
  - a. To respond to the love of God by continuing the ministry of healing in the spirit of Jesus Christ.
  - b. This Corporation is organized and shall be operated exclusively for charitable, acientific, literary, religious and educational purposes; no part of the net earnings of the Corporation shall inure to the benefit of any individual; no substantial part of the activities shall be the carrying on of propaganda, or otherwise attempting to influence legislation; and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

66 VIS

Fittle 17 Spain To establish, purchase, own, operate, support, lease, support 18 spaining, conduct or maintain one or more bospitals, institutions, nursing homes, convalescent centers, ambulance services or other facilities and services for the care and treatment of the injured, sick, diseased, disabled, afflicted, aged and infirm; and to support the business, activities and programs of and to mid, assist and confer benefits upon methodist Health Systems, Inc., a Tennessee not for profit corporation which is an exempt

State of Tennessee.

d. To provide, operate, support, conduct or promote any educational, scientific or research activities related to health care.

organization described in Sections 591(c)(3) and 170(c)(2) of the Internal Revenue Code of 1954, as amended, or any of its affiliated organizations, all within or outside the

- e. To establish, join, cooperate or engage in joint ventures, associations, groups or cooperatives with other hospitals, health care providers, individuals, corporations, or any other entity, including, but not limited to, methodist Health Systems, Inc. or any of its affiliated organizations, to advance or promote the general health of communities within or outside the State of Tennessee or to advance or promote the efficient delivery of health care within or outside the State of Tennessee.
- f. To make loans, grants, awards, prizes and scholarships; to share its services, equipment and property with others; to assist and cooperate with other hospitals and others; and to engage in any other activities designed to advance or promote the efficient delivery of health care, or to advance or promote the general health of communities within or outside the State of Tennessee.

FILETS SECRETARY OF TERATE

- M 18 PM 2 D7 To manufacture, fabricate, assemble, distribute, warehouse, sell and deal in any products, goods, equipment or other property for use by this corporation or others in the rendering of health care or to promote or advance the general health of communities within or outside the State of Tennessee.
  - h. To engage in any activities which are appropriate to carry out and fulfill any or all of the foregoing purposes, including, without limitation, for such purposes, the making of papaents, loans, distributions and guaranties, the pooling of credit, assumption of joint and several obligations and the charing of funds, assets and proceeds of financing with Mathodist Health Systems, Inc., a Tennessee not for profit corporation, or any of its affiliated organizations.
  - i. To have and exercise all the powers as are permitted by the Tennessee General Corporation Act.
  - j. Notwithstanding any other provision of these articles, this Corporation shall not carry on any activity not permitted to be carried on by (a) a corporation exempt from Federal Income Tax: under Section 501(c)(3) of the Internal Nevenue Code of 1954 or the corresponding provisions of any future United States Internal Revenue Law or (b) a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954 or or the corresponding provision of any future United States Internal Revenue Code of 1954 or
  - 6. This Corporation shall have as its members those persons who are from time to time the members of the hoard of Directors of Mathedist Health Systems, Inc., a Tennessee not for profit corporation, or any successor thereto, which is an

exempt organization described in Sections 501(c)(3) and fill the Internal Revenue Code of 1954, as amended. WE 7448 185 78 18 Pt 2-07

- 7. The governing body of this Corporation shall be a Board of Directors who shall manage its business and affairs. The directors shall be of legal age and need not be residents of the State of Tennessee. The number of directors and their terms of office shall be fixed and determined by the by-laws; except that, there shall not be less than three directors. The directors shall be elected by the members and may be removed by the members at any time, with or without cause.
- 8. A majority of the directors then in office shall, constitute a quorum at any meeting of the directors.
- 9. The charter and by-laws of this Corporation may be altered, amended or repealed by the members subject to prior written approval of Methodist Realth Systems, Inc. and such approval may be executed by any president or vice president thereof.
- 10. This Comporation may be marged, consolidated or dissolved only by action of the members.
- 11. Any action required or permitted to be taken at a meeting of the Board of Directors or any Board Committee may be taken without a meeting if consent in writing, setting forth the action so taken, is signed by all of the numbers of the Board of Directors or Board Committee as the case may be.
- 12. In the event of dissolution, the residual assets of this Corporation shall be turned over to Methodist Resith Systems, Inc., a Tennessee not for profit corporation, or any other organization or organizations which are "restricted affiliates" (as hereinafter defined); provided, however, no part of the residual assets of the Corporation shall be turned

Sittiffe to any such organisation unless such organisation is 025 Jul 18 FM 2:07 and 170(c)(2) of the Internal Revenue Code of 1954, as amended for corresponding sections of any prior or future Internal Revenue Code). If neither Methodist Health Systems, Inc. nor any such restricted affiliate is such an exempt organization, then the residual assets of the Corporation shall be turned over to one or more other organizations which at that time are organizations described in Section 501(c)(3) and 170(c)(2) and in exempt from federal income taxes under Section 501(a) and is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code of 1954, as amended (or corresponding sections of any prior or future Internal Revenue Code), or to any federal, state or local government for exclusively public purposes. As used herein, "restricted affiliate" shall have the meaning of such term as utilized in any master trust indenture or other similar financing agreement to which the Corporation or Nethodist Sealth Systems, Inc. is a party and which is in affect at the time of dissolution.

#### PART II

- The date the original Charter was filed by the Secretary of State was August 1, 1922.
- 2. The Amended and Restated Charter restates the text of the Charter, as previously amended, and further amenda the charter as specified below, and was duly adopted at a meeting of the member on June 12, 1985:
  - (a) Paragraphs 5(b), 5(c), 5(e), 5(h), 8, 7, 8, 9, 10 and 11 of the Charter, as previously amended, have been deleted in their entirety, with the foregoing paragraphs 5(b), 5(e), 5(e), 6(b), 6, 7, 8, 9, 10 and 11, respectively, being substituted therefor.
    - (b) The foregoing paragraph 12 has been added to the Charter.

W6 7448

The foregoing restated observer is to be effective when these articles of amendment are filed by the Secretary of State of Tennessee.

DATED this 17th day of June , 1985.

METHODIST BOSPITALS OF MEMPHIS

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## 10296 01207

### ARTICLES OF AMENDMENT

#### TO THE CHAPTER

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### RETRODIET BOOFTTALE OF MERCHES

Persuant to the provisions of Section 48-363 of the Tennessee General Corporation Act, the undersigned Corporation adopts the following Articles of Amendment to its Charter:

I. The name of the Corporation is:

## ETHODIST ROSPITALE OF REMPELS

- 2. The Amendment adopted is: Paragraphs (6), (2), (9), (10) and (11) of the Articles of Amendment to the Charter filed with the Secretary of State, State of Tennessee on October 7, 1881, are deleted and the following are substituted therefor:
  - (6) This Composition shall have as its sole member Mathodist Mealth Systems, Inc., a Tennessae not-for-profit composition.
  - (8) The governing body of this Comparation shall be a Board of Directors who shall manage its husines and affairs. The Directors shall be of legal age and need not be residents of the State of Tennessee. The number of Directors and the term of their office shall be fixed and determined by the By-laws; except that, there shall not be less than three (1) Directors. The Directors shall be elected by the member.
  - (9) By-laws of this Corporation shall be adopted, annualed or repealed by the member.
  - (10) This Corporation may be dissplyed or its Charter standed only by action of the member.

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constitute a floorem of any masting of the Directors.

- In This Amendment was doly adopted at a meeting of the members on June 23, 1982.
- 4. The foregoing Amendment is to be effective when these Articles of Amendment are filed by the Secretary of State. State of Tennesses.

DASSO Jupe 23, 1982.

METRODIST HOSPITALS OF MEMPRIS

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METRODIST BORRITAL

Under the authority of Section 48-309 of the Tebnessee General Corporation Act, Methodist Rospital amends its Charter as follows:

All of the provisions of the Charter are hereby deleted and the following substituted therefor:

- (2) The name of the corporation is Methodist Mospitals of Newphis.
  - (2) The duration of the corporation is perpetual.
- (3) The address of the principal office of the corporation in the State of Tennessee shall be 1265 Union Avenue, Mamphis. Shelby County, Tennessee.
  - (4) The corporation is not for profit.
- (5) The purposes for which the exponsition is orquanted are:
  - To respond to the love of God by continuing the ministry of healing in the spirit of Jesus Christ.
  - b. This corporation is organized and shall be operated exclusively for charitable, scientific, literary, religious and educational purposes; no part of the earnings shall inure to the benefit of any individual; no substantial part of the activities shall carry on propogenda, or otherwise attempt to influence legislation, and the corporation shall not participate in, or intervent in (including the

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- o. To establish, Dun, operate, support, lease, manage, conduct and/or maintain one of more hospitals, institutions, homes, and/or other facilities within and/or outside the State of Tennessee for the care and treatment of the injured, sick, diseased, disabled, afflicted, aged and infirm.
- d. To provide, operate, support, conduct and/or promote any educational, scientific and/or research activities related to health care.
- e. To establish, join, cooperate and/or engage in joint ventures, associations, groups and/or cooperatives with other hospitals, health care providers, individuals, corporations, or any other entity to advance or promote the general health of communities within and outside the State of Tennessee, or to advance or promote the efficient delivery of health care,
- f. To make loans, grants, awards, prizes and scholarships; to share its services, equipment and property with others; to essiat and cooperate with other hospitals and others; and to engage in any other activities designed to advance or promote the efficient delivery of health care, or to advance or promote the general health of communities within and outside the State of Tennessee.
- g. To manufacture, fabricate, assemble, distribute, warehouse, sell and deal in any products, goods, equipment or other property for use by this corporation and/or others in the rendering of

Since of tennessee.

- h. To engage in any autivities which are appropriate to carry out and fulfill any or all of the foregoing purposes.
- i. To have and exercise all of the powers as are permitted by the Tennesses General Corporation Act.
- f. Fotwithstanding any other provision of these articles, this corporation shall not carry on any activity not permitted to be carried on by (a) a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States Internal Revenue (av or (b) a corporation, contributions to which are defluctible under Section 170(c)(2) of the Internal Revenue Code of 1954 or any other corresponding provision of any future United States Internal Revenue Cade of 1954 or any other corresponding provision of any future United States Internal Revenue Caw.
- (6) This corporation is to have mambers sho shall be called Trustees. The Mamphia, North Mississippi, and Borth Arkansas Annual Conferences of the United Methodist Church each shall elect six Trustees, four of whom shall be lay persons and two of whom shall be ordained United Methodist ministers. The by-laws of Mathodist Sospitals of Nemphis shall provide for the length of the term of Trustees and for the filling of any vacancies. A Trustee may be removed from office for any reason by the Annual Conference that elected the Trustee.
- (7) In the event of dissolution, the testidual assets of the organisation will be turned over to one or more organizations matter which themselves are exempt as organizations described in Sections 50I(c)(3) and 170(c)(2) of the

Interial interior interior of 1984 or corresponding sections of any interior interio

- Board of Directors who shall manage its business and affairs. The directors shall be of legal age and need not be residents of the State of Tennessee. The number of directors and the term of their office shall be fixed and determined by the by-laws; except that, there shall not be less than three directors. The Trustees shall elect the directors.
- (9) By-laws of this corporation shall be adopted, amended or repealed by the Board of Trestees by such vote as may be therein specified.
- (10) This corporation may be dissolved or its Charter amended only by acriss of the Trustees.
- (11) A majority of the Trustees shall constitute a quorum at any meeting of the Trustees. A majority of the Directors than in office shall constitute a quorum at any meeting of the Directors.
- 3. The amendment was duly adopted by the unanimous written consent of the members on 100 8 /98/
- 4. The Amendment is to be effective when these articles of amendment are filed by the Secretary of State, State of Tennessee.

Dated September 23 1981

METHODIST HOSPITAL

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MR 206mm 102 THE SUPPLIES OF PROPERTY OF THE PARTY OF THE M th course, that high manners, than he desired, h. S. E. Stellage, and J. L. Segmes, and Marie Anne 1980 at if in the tity of Beatle are a

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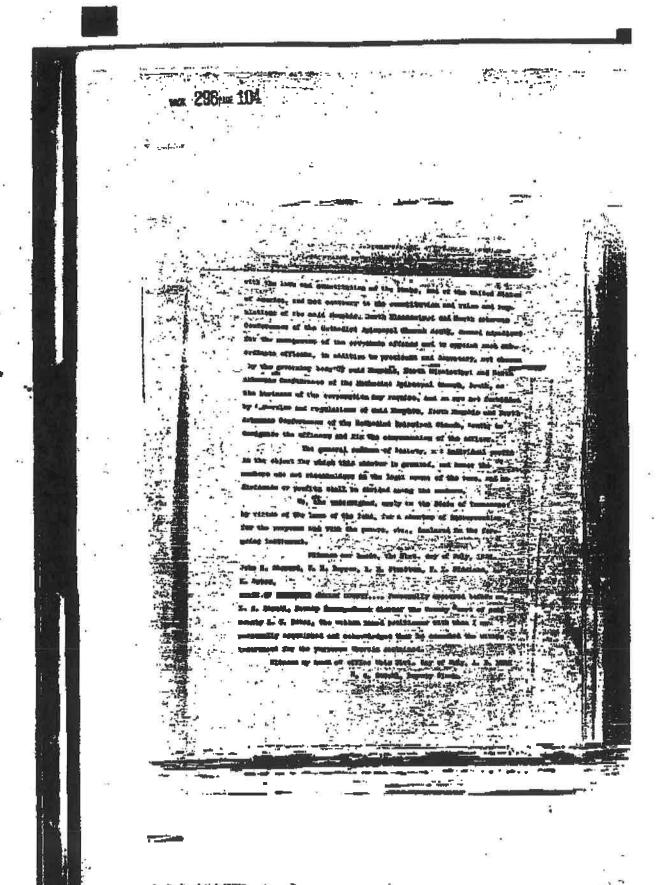
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the grantic source of said experiences and to be to one and to ease, of the emperator and to been said, up a passes, seed, which is say alter at pleasure; if it has we assume said, then the emperature of up pitty embergins afterer shall be "qual and appelate, to produce not build, we reason by slaft, device, or imposed the adjection to the present, presently relating to the aspectation, had embed to obtain an emperature of the aspectation of the aspectation of and also to obtain one amount my rates article its payment or part



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### BYATE OF TREERESEE

### CHARTER OF INCOMPORATION

### THE CHARTER OF INCOMPORATION OF THE

### METHODIST HOSPITAL

RE IT RECYES, That L.M. STRAFTCH, JOHN H. SHERAND, L. M. BRYES, T. K. RIDDICE, and J. R. FEFFER, and their suppossors, phosen under the useges and regulations of the Momphis, North Arkansas and North Mississippi Conferences of the Methodist Episcopal Church, South, by Which they are appointed, and holding offices at the pleasure of said Conferences of said Church, are hereby constituted a body politic and corporate by the name and style of "METHODIST HOSPITAL" for the purpose of organizing, constructing, equipping and operating a hospital in the city of Memphis, femmesses, under auspices and central of the Memphis, North Arkansas and North Mississippi Conferences of the Methodist Episcopal Church, South; said corporation to have the right to receive at its hospital for medical and surgical treatment and advice, persons suffering from physical and mental allments. diseases and disorders; and may keep, board and lodge the same, for which it shall have the right to charge resemble compensation. It shall also have the right to establish a plinic and a department for original research, and in general to conduct, establish, Organise and equip any and all branches and departments of a first class, modern hospital. Said corporation shall be managed and its affairs conducted and powers exercised by a Hoard of Trustees, the incorporators constituting the first Board of Trustees, who as soon as convenient after this Charter is granted, shall meet in the City of Monphis and Organize by acceptance of the Charter and the adoption of by-laws and the election or such officers as shell be prescribed by said by-laws. The Board of Trustees shall consist of eighteen (16) members to be elected annually by the three conferences above named, such of said conferences to elect annually six of said trustees, three of whom shall be laymon, two ministers of the gospel, and one a woman. Yacancies in the Sound of Trustees shall be filled at the next ensuing session of the Conference in whose representation such vacancy occurs, and each of said conferences shall have the power to remove for pages any member of said board so chosen as the representative of said conference. after giving said trustee an opportunity to be heard in his own defense. Said conferences may designate a committee or agency and invest it with power to fill vacancles for and on its behalf in the interim of the seasions of said conferences. Said Board of Trustees shall have the power to elect a Board of Henngers of the said Hospital and to adopt all by-laws, rules and regulations for the administration of the said Hospital as may be necessary for the proper conduct of its afficies.

The said corporation, and the heapital so established, shall be subject to the visitorial powers of the said Annual Conferences of the Methodist Episcopal Church, Sopth.

And to these ends, said corporation may purchase, own or lease land for corporate purposes, befrow money when necessary for the carrying on of the business of the corporation; sell and make title to any real estate or other property owned by the corporation; employ all necessary agents for the transaction of the business of the corporation; to solicit, collect, and receive subscriptions in money and otherwise, legacies or devises to be used in aid of formatting any and all of the purposes of the corporation; purchase or rent all necessary printing presses, type, and material for the far as the same are not inconsistent with the constitution of the state and the laws of the land.

The general powers of said sorporation shall be to sue and be sued by the corporate name; to have and to use a common seal, which it may alter at pleasure; if it has no common seal, then the signature of any duly author ized officer shall be legal and binding. To purchase and hold or receive by gift, devise, or bequest, in addition to the personal property owned by the corporation, real estate mecessary for the transaction of the corporate business, and also to purchase and accept any real estate in payment or part payment of any debt due the corparation and to sell the same; to establish by-laws and make all rules and regulations not inconsistent with the laws and constitution of the State, and of the United States of America, and not contrary to the constitution and rules and regulations of the said Momphis, Borth Kississippi and North Arkansas Conferences of the Methodist Episocosi Church, South, deemed expedient for the management of the corporate affairs and to appoint such subordinate officers, in addition to President and Repretary, not chosen by the governing body of said Memphia, North Mississippi and North Arkansas Conferences of the Mathodist Episcopal Church . South as the business of the corporation may require, and as we are not forbidden by the rules and regulations of said Mamphis, North Mississippi and North Arkaneas Conferences of the 19thodist Epistopal Church, South, to designate the officers and flx the compensation of the officer.

The general welfare of society, not individual profit, is the object for which this observer is granted, and hence the members are not stockholders in the legal sense of the term, and no dividends or profits shall be divided among the members.

WE, the undersigned, apply to the State of Tennessee, by wirtue of the laws of the land, for a Charter of Incorporation for the perpose and with the powers, etc., declared in the foragoing instrument.

WITNESS our hends, the Sist day of July, 1922.

(Bigned)

John H. Sherard

J. R. Pepper

L. M. Stratton

T. K. Biddick

L. H. Estes

STATE OF TENHERSEE SHELBY COUNTY

Personally appeared before ms. R. C. Strehl, Deputy Clerk of the County Court of said County, L. H. Estes, the within maned petitioner with whom I am personally acquainted and who selected that

he executed the Within instrument for the purposes therein contained.
Witness my head at office, this Slat day of July, A.D. 1922.

(Bigmed)

R. C. Strohl, Deputy Clerk.

STATE OF TENUESSEE SHELBY COUNTY

Paraculty appeared before me, R. C. Strehl, Deputy Clerk of the County Court of Shelby County aftermaid, L. H. Betes, subscribing witness to the within Charter of Incorporation, who being first sworm, deposes and says that he is acquainted with John H. Shererd, J. R. Pepper, L. H. Stratton, T. K. Riddick, the incorporators and that they acknowledged the same in his presence, to be their act and dead upon the day it bear date.

Witness my hand, at office, this Slat day of July, 1922.

(bengiā)

E. C. Strehl, Deputy Clark

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Secretary of State
Division of Business Services
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, Tennessee 37243

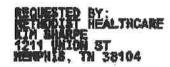
ISSUANCE DATE: 09/20/2004 NEODEST NUMBER: 04264516 TELEPHONE CONTACT: (615) 741-6488

JONALIFICATION DATE: 08/01/1822

TRATION DATE: PERPETUAL

ONTROL MANSER; 0054694 CRISDICTION; TENNESSEE

PHODIST HEALTHCARE IN SHARPE 211 UNION ST EMPHIS, TH SB104



### CERTIFICATE OF EXISTENCE

RILEY C DARNELL, SECRETARY OF STATE OF THE STATE OF TENNESSEE DO HEREBY CERTIFY THAT

S A CORPORATION DULY INCORPORATED UNDER THE LAW OF THIS STATE WITH DATE OF MCORPORATION AND DURATION AS GIVEN ABOVE: NAT ALL PERS TAXES AND PENALTIES OMED TO THIS STATE WHICH AFFECT THE NAT THE MOST RECENT CORPORATION MAYE SEEN PAID: NAT THE MOST RECENT CORPORATION ANSWERL REPORT REQUIRED HAS BEEN FILED THE THIS OFFICE: AND THE MAT ARTICLES OF DISSOLUTION HAVE NOT BEEN FILED; AND

IR: REQUEST FOR CERTIFICATE

OM: THODIST HEALTHCARE-CORPORATE MEMPHIS ILLE GOO AVENUE

TE 600" AVENUE PHIS, TH 38104-0000 ON DATE: 09/20/04

CEIVED: \$20.0

\$0.00

TOTAL PAYMENT RECEIVED:

\$20.00

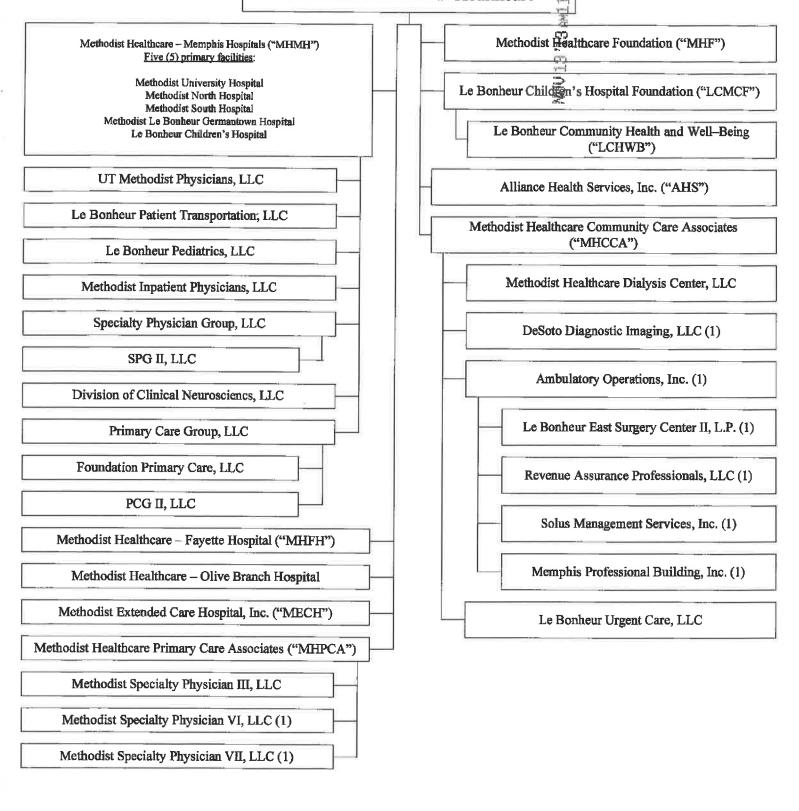
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55-445d

RRLEY C. DARNELL SECRETARY OF STATE A:4 Ownership-Legal Entity and Organization Chart

### Methodist Le Bonheur Healthcare



# A:6 Site Control

#### SUBLEASE AGREEMENT

THIS AGREEMENT is made and entered into as of the \_\_\_day of December, 2011, by and between Boyle North-West, L.L.C., a Tennessee limited liability company, hereinafter referred to as "Lessor", and West Partners, L.L.C., a Tennessee limited liability company, hereinafter referred to as "Lessoe" or "Sublessor", and Methodist Healthcare - Memphis Hospitals, hereinafter referred to as "Sublessoe" (Lessor Lessee/Sublessor and Sublessee are collectively known as the "Partles") and each of the undersigned Guarantors (collectively the "Guarantors").

#### WITNESSETH

WHEREAS, Lessor leases certain Premises to Sublessor at 100 North Humphreys, Memphis, Tennessee, subject to certain conditions hereinafter set forth; and

WHEREAS, Sublessee desires to sublease approximately 52,359 usable square feet of said Premises from Sublessor, subject to certain conditions hereinafter set forth; and

WHEREAS, Sublessor desires to sublease approximately \$2,350 usable square feet of said Premises to Sublessee, and Lessor consents to such sublease, upon certain terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the Premises and mutual promises contained herein, the parties hereby covenant and agree as follows:

- Sublessor heroby leases to Sublessee approximately \$2,359 usable square feet of said Premises at 100 North Humphreys, Memphis, Shelby County, Tennessee (hereinatter called "Subleased Premises").
- 2. Sublessee shall pay directly to Lessor rent as set forth in paragraph 2.02 of the Lease Agreement (defined below) attached hereto and incorporated herein as Exhibit A, commencing on January 1, 2012 and continuing until March 31, 2016 unless earlier terminated as provided herein. It is further agreed that Sublessee shall pay directly to Lessor Sublessee's protated share of the excess operating expenses during the months of Sublessee's possession of the Subleased Premises as provided in paragraph 2.02 of the Lease Agreement. Sublessee also agrees to not commit or allow any waste or damage to be committed on any portion of the Subleased Premises, and shall, in the event of the cancellation of this sublease, deliver the Subleased Premises to Sublessor broom clean and in good condition as at the date of possession of Sublessee and agrees to pay to repaint the Subleased Premises, shampoo carpeting, and for any and all other damages to the Subleased Premises, if deemed necassary by Sublessor, after an inspection of the Subleased Premises by Sublessor or by Lessor on behalf of Sublessor. Such monthly rent shall be due on the first day of each month of the sublease term. Sublessee shall make rental payments payable to Boyle North West, L.L.C. at 5900 Poplar Avenue, P. O. Box 17800, Memphis, Termessee 38187.
- During the term of this Sublease Agreement, Sublessee shall abide by each and every term and condition of the Lease Agreement between Lessor and Sublessor with the same force and to the 3. same extent as if Sublessee had signed the Lease Agreement. A copy of said Lease Agreement dated July 27, 1999 and the First Modification to Lease Agreement dated August 10, 1999, and the Second Modification to Lease Agreement dated May 7, 2001, are hereby attached hereto and incorporated herein by reference as Exhibit A (collectively, and as amended, the "Lease Agreement"). This Sublease Agreement shall be subject and subordinate at all times to the aforementioned Lease Agreement, and to all of the covenants, agreements, terms, provisions, and conditions of the Lease Agreement. Sublessee shall not do or permit anything to be done in connection with Sublessee's occupancy of the Subleased Premises which would violate any of said covenants, agreements, terms, provisions, and conditions. If there is a conflict between this Sublease Agreement and the Loase Agreement, the Lease Agreement shall control. Neither Sublessor nor Lessor shall be liable to Sublessee on account of any action taken by Lessor against Sublessor or Sublessee resulting from breach of the tease Agreement or of this Sublease Agreement, including breach by Sublessor, nor shall Sublessor be liable for any breach by Lessot of its obligations to Sublessee. It is expressly understood that Sublessee by this Sublease Agreement is in no way substituted for Sublessor under the Lease Agreement and Subjessee and Subjessor shall be jointly and severally liable as provided hereinbelow.

This Suplease, as is the Lease Agreement, is and shall be subject and subordinate to any and all mortgages which may now or hereafter affect the Project of which the Subleased Premises are a part, and to any and all renewals, modifications consolidations, replacements and extensions thereof, and, although this subordination shall be deemed for all purposes to be automatic, upon reduces by Lessor, Subleasee shall execute any further instrument requested by the Lessor to confirm such subordination and agrees to aftern to any more gages and its successor, provided no uncured event of default; exists.

It. addition. Sublessee agrees to execute acknowledge and deliver to Lessor an estoppel certificate, in form reasonable prescribed by Lessor regarding trie status or performance of this Lease in favor of any proposed lender or proposed mortgagee or purchaser of the Project, within fifteen (15) days after written request.

- 4. By its signature hereto, Lessor consents to the subleasing provided for in this Sublease Agreement. It is expressly understood that Subleasee shall not modify or make structural and layout changes to the Subleased Premises without the prior written consent of Lessor and Sublessor.
- 5. Sublessee shall indemnify, hold harmless, and defend Lessor and Sublessor against any liability or loss in connection with the subleasing of Subleased Premises and of services under this Sublease Agreement, unless caused by the negligent acts or omissions of Lessor or Sublessor. Sublessoe's Indemnity obligations shall survive the expiration or earlier termination of this Sublease Agreement and the Lease Agreement.
- 6. Lessor and Sublessor shall not be liable for any damage to property or any injury to persons, sustained by Sublessee or others, caused by conditions or activities on the Subleased Premises. Sublessee shall indemnify Lessor and Sublessor against all claims arising therefrom and shall carry liability insurance insuring Sublessor, Sublessee, and Lessor against injury to persons and property on the Subleased Premises in amounts to be approved by Lessor. Sublessee's indemnity obligations shall survive the expiration or earlier termination of this Sublease Agreement and the Lease Agreement.
- 7. In the event of a breach of this Sublessee Agreement or the Lease Agreement between Lessor and Sublessor, then Lessor and Sublessor shall have the right to exercise all the remedies and to seek all relief against Sublessee which Lessor can exercise or seek under the Lease Agreement between Lessor and Sublessor, including the right to take immediate control of the Subleased Premises and to recover, in addition to unpaid rent and any damages due, all costs and storney fees incurred in connection with enforcement of the provisions of either this Sublease Agreement or the underlying lease between Lessor and Sublessor. The provisions of this Section shall survive the expiration or earlier termination of this Sublease Agreement and the Lease Agreement.
- 8. Notwithstanding any provision to the contrary contained in this Sublease Agreement or the Lease Agreement between Sublessor and Lessor, the Parties agree that this Sublease Agreement shall automatically terminate after Landtord has received written notification of the termination of the Professional Services Agreement and inter-related agreements executed in conjunction with the Asset Purchase Agreement between Sublessee and Sublessor dated January 1, 2012. The termination of the Sublease Agreement pursuant to this Section 8, shall not terminate the Lease Agreement between Sublessor and Lessor, nor relieve Sublessor or Guarantors of any of its obligations to Lessor under such Lease Agreement.
- This Sublease Agreement constitutes the full and final Agreement between the Porties as to the
  matters to which it pertains, and this Agreement shall not be modified or amended except by a
  writing of equal formality signed and dated by the Parties.
- This Agreement shall bind and inure to the beacht of the Parties and their heirs, successor, representatives and assigns.
- Lessor's consent to this Sublease will not waive the requirement of its consent to any subsequent
  assignment or sublease.
- 12. Lessor's consent to this Sublease will not release Lessee from the payment and performance of its obligations in the Lease, but rather Lessee and Sublessee shall be jointly and severally primarily liable for such payment and performance. The provisions of this Section shall survive the expiration or earlier termination of this Sublease Agreement and the Lease Agreement.
- 13. The Guarantors join herein to acknowledge and consent to this sublease and to acknowledge that this sublease shall in no way impact their liability under the guaranty executed in coordination with the Lease Agreement. Each of the undersigned Guarantors shall remain fully liable under their Guaranty Agreements for the full payment and performance of Sublessor under the Lease Agreement and under this Sublease Agreement. The provisions of this Section shall survive the expiration or earlier termination of this Sublease Agreement and the Lease Agreement.

IN WITNESS WHEREOF, the Parties have set their hands hereto in triplicate originals at Memphis, Tennessee, effective the day and year first hereinabove appearing

LIABLITY COMPANY

LESSOR: BOYLE NORTH-WEST, L.E.C., A TENNESSEE LIMITED MAINLING COMMANY

LESSEE/AUBLESSOR WEST PARTMERS, L.L.C., A TENNESSEE LIATED

ov. Land ( )

WITNESS-	SUBLESSEE: MYTHODIST HEALTHCARE - METHODIST MEMPHIS BY:
9	GUARANTORS.
WITNESS	BY: 11 KULLINITED CAG
WITNESS:	BY: KURI TAUER
With	BY: AIVA WEIR, III
WITNESS:	BENTON WHELER
	GUY PHOTOPULOS
WITNESS! L	BY: SINDA SIMICEY

### LEASE AGREEMENT

PARTIES

THIS LEASE, dated the <u>27th</u> day of July, 1999 between <u>Boyle North-West</u>, L.L.C., a TN <u>ltd. Liab. Co.</u>, Party of the first part (hereinafter called Landlord), and West Partners, LLC, a Tennessee Limited Liability Company, Party of the second part (hereinafter called Tenant), collectively referred to as the Parties.

# WITNESSETH: ARTICLE I PREMISES, TERM & USE

### PREMISES TERM AND USE

- 1.01. The Landlord leases to Tenant a minimum of approximately Fifty Two Thousand Three Hundred Fifty Nine (52,359) usable square feet as outlined on the plan attached hereto as Exhibit "A" (hereinafter called "Premises") in a two (2) story building (the "Building"), that is to be constructed on approximately 5.86 acres on the land described on Exhibit "B", in the City of Memphis, County of Shelby, State of Tennessee containing common areas, grounds, parking areas which shall accommodate no less than 272 parking spaces, and landscaping areas (collectively the "Project") commencing on the Commencement Date, hereinafter defined, and ending twenty-five (25) years thereafter (the "Lease Term"). The Premises are to be continuously used and occupied during the full term of this Lease and for no other purpose(s) than medical offices, including all related ancillary services, without prior written consent (and such consent shall not be unreasonably withheld) of Landlord first had and obtained.
- 1.02. The Lease Term of this Lease shall be for twenty-five (25) lease years. The term "Lease Year" shall mean a period of twelve consecutive months. The first Lease Year shall begin on the Commencement Date if the Commencement Date shall begin on the first day of a calendar month and, if not, then the first Lease Year shall begin on the first day of the calendar month next following the Commencement Date. Each subsequent Lease Year shall begin on the anniversary of the commencement of the first Lease Year.

The Commencement Date shall mean the later of: (i) October 1, 2000 (the "Estimated Completion Date"), or (ii) the date Landlord shall substantially complete construction of the Landlord's Work for the Premises (the "Landlord's Work") described on Exhibit "A" subject to Force Majeure as herein defined, and delivered the Premises to Tenant for Immediate occupancy.

As of the date of this Lease, construction of the Building has not started. Landford anticipates starting construction on or before July 1, 1999. If for any reason construction of the Building shall not start on or before such date, then the Estimated Completion Date as provided in (i) above shall automatically extend on a day-by-day basis for each day beyond which commencement of construction extends beyond July 1, 1999. The start of construction shall mean the day and date on which the Contractor commences pouring the concrete footings for the Building.

Depending upon the status and progress of the Landlord's Work, Landlord will allow Tenant to move in its personal property prior to the Commencement Date provided Tenant delivers to Landlord an indemnity and insurance policy consistent with the provisions of Section 4.06.

Within a reasonable time after the Commencement Date, the Parties shall execute the Commencement Date Agreement attached as Exhibit C to this Lease within thirty (30) days of substantial completion setting forth the beginning and ending dates of the Lease Term.

### RENTAL

2.01. In consideration for this Lease, Tenant promises to pay Landlord located at 5900 Poplar Avenue, P. O. Box 17800, Memphis, Shelby County, Tennessee 38187 in lawful money of the United States per the following rental schedule:

### **TERM**

Beginning on the Commencement Date through the end of the fifth (5th) Lease Year.

Beginning on the sixth (6th) anniversary of the Commencement Date through the end of the tenth (10th) Lease Year. ("First Rental Increase Period")

Beginning on the eleventh (11th) anniversary of the Commencement Date through the end of the fifteenth (15th) Lease Year.
("Second Rental Increase Period")

Beginning on the sixteenth (16th) anniversary of the Commencement Date through the end of the twentieth (20th) Lease Year.
("Third Rental Increase Period")

Beginning on the twenty-first (21st) anniversary of the Commencement Date through the end of the Lease Term. ("Final Rental Increase Period")

### MONTHLY RENTAL

\$102,405.48 ("Base Rent")

\$102,405.48 ("Base Rent") plus an increase based on 75% of CPI as further defined below and not to exceed \$3,75 per square foot.

\$102,405.48 ("Base Rent") plus an increase based on 75% of CPI as further defined below and not to exceed \$3.75 per square foot.

\$102,405.48 ("Base Rent") plus an increase based on 75% of CPI as further defined below and not to exceed \$3,75 per square foot.

\$102,405.48 ("Base Rent") plus an increase based on 75% of CPI as further defined below and not to exceed \$3.75 per square foot.

The Base Rent shall increase (but not decrease) on the sixth, eleventh, sixteenth and twenty-first anniversaries of the Commencement Date, as follows: the monthly Base Rent for each of the Increase Rental Periods shall be the sum of (i) \$102,405.48, plus (ii) .75 times the percentage change in the Index (as hereinafter defined) from the first anniversary of the Commencement Date, to the first day of the First Rental Increase Period, the Second Rental Increase Period, the Third Rental Increase Period and the Final Rental Increase Period, respectively, times \$102,405.48.

- a. "Index" means the Consumer Price Index (all items for Ali Urban Consumers) as published by the United States Department of Labor, Bureau of Labor Statistics (1982-1984 100 base).
- b. "Initial index" means the Index published for the first of the month next following the Commencement Date.
- c. "New Index" means the index published for the month immediately preceding the month in which the adjustments as defined herein will occur.
- d. If at any time when the Base rental is to be adjusted as provided herein and the Department of Labor is not maintaining such Consumer Price Index tables, the percentage of base so indicated by the United States government table then most nearly corresponding thereto shall be used.

- e. In the event that the Consumer Price Index (CPI) ceases to use 1982-84 = 100 as the basis of calculation, or if, in Landlord's reasonable judgment, a substantial change is made in the method used by the federal government to determine the CPI or the items used to calculate the CPI, then the CPI shall be converted (the "Conversion") to the figure that would have been calculated at (or as close to such figure as shall be practical) had the manner of calculating the CPI in effect at the date of this Lease Agreement not been altered.
- f. For purposes of paragraph "e" hereof, it shall be deemed a substantial change in the manner in which the CPI Index is calculated if the federal government adjusts the method in which the CPI index is determined in an attempt to more accurately reflect changes in the cost-of-living.
- g. If, in Landlord's reasonable judgment, the Conversion is impossible or impractical, then the revised CPI shall be deemed to replace the original CPI for purposes of this paragraph.
- h. The CPI adjustment provisions of this section shall not be strictly construed but shall be construed and interpreted to effectuate the intent of the parties which is to increase the base rent every five (5) years by seventy-five percent of the increase in the CPI.

The Base Rent calculation is based upon Twenty-Three and 47/100ths Dollars (23.47) per usable square foot per year of the Premises (the "Base Rate") times 52,359 usable square feet. The Parties agree to amend this Lease to reflect the actual usable square feet of the Premises and to amend the Base Rent in this paragraph based upon the actual usable square feet; provided, however, the Building shall provide and as a consequence the Tenant shall be required to rent a minimum of 52,359 usable square feet.

When occupancy of the Premises begins before the Commencement Date stated in paragraph 1.02, rental for the period before the Commencement Date shall be paid based on a daily rate of 1/30th of the stated monthly rent.

Notwithstanding any provision in this Lease to the contrary, if Tenant shall occupy the Premises prior to the Commencement Date (exclusive of moving in its personal property as provided in paragraph 1.02) the first monthly installment of rent shall be due and payable on the date of such occupancy (subject to proration as set forth in this paragraph) and such monthly installments shall continue for the Lease term as provided above.

### ADJUSTMENT OF RENTAL

2.02. In the event and to the extent the Operating Expenses (as defined below) of Landford upon the Building and/or Project of which the Premises are a part shall, in any calendar year during the Term of this Lease, exceed the sum of \$6.00 per net usable square foot, Tenant agrees to pay as additional rental Tenant's pro rata share of the excess Operating Expenses. Landlord may within nine (9) months following the close of any calendar year for which additional rental is due under this paragraph invoice Tenant for the excess Operating Expenses. The invoice shall include in reasonable detail all computations of the additional rental, and Tenant agrees to make payment of the additional rental to Landlord within thirty days following receipt of the invoice. In the year in which this Lease terminates, Landlord, in lieu of waiting until the close of the calendar year in order to determine any excess Operating Expenses, may at its option invoice Tenant for Tenant's pro rata share of the Operating Expenses based upon the previous year's excess Operating Expenses in which event Landford shall invoice Tenant within thirty days prior to the termination of the Lease or at any time thereafter. Within twelve (12) months after the end of each calendar year, Tenant shall have the right, at its own expense and at reasonable times, to audit Landlord's books relating to the additional rental due under this paragraph.

The term "Operating Expenses" as used above includes all expenses incurred with respect to the maintenance and operation of the Building and/or Project of which the Premises are a part, including, but not limited to, maintenance and repair costs, electricity, fuel, water, sewer, gas and other utility charges, security, window washing, janitorial services, trash and snow removal, landscaping and pest control, wages and fringe benefits payable to employees of Landford whose duties are connected with the operation and maintenance of the Building and/or Project, amounts paid to contractors or subcontractors for work or services performed in connection with the operation and maintenance of the Building and/or Project, all services, supplies, repairs, replacements or other expenses for maintaining and operating the Building and/or Project including common area, parking area, recreation area and plaza area maintenance, and the amortization of the cost of capital improvements (including replacements) which are intended to reduce Operating Expenses. The term "Operating Expenses" also includes all real property taxes, cost of attorney's fees and expenses of any ad valorem tax appeals, sales or other taxes on rent and installments of special assessments, special assessments due to deed restrictions and/or the association, which accrue against the Building and/or Project of which the Premises are a part during the term of the Lease as well as all insurance premiums Landlord is required to pay or deems necessary to pay, including without limitation public liability or casualty insurance, with respect to the Building and/or Project; provided, however, that the term "Operating Expenses" does not include any capital improvement (except as set forth above) to the Building and/or Project of which the Premises are a part, nor shall it include repairs, restoration or other work occasioned by fire, windstorm or other casualty, income and franchise taxes of Landlord, expenses incurred in leasing to or procuring of tenants, leasing commissions, advertising expenses, expenses for the renovating of space for new tenants, interest or principal payments on any mortgage or other indebtedness of Landlord, compensation paid to any employee of Landlord above the grade of building manager, nor any depreciation allowance or expense.

#### LATE FEE

2.03. If Tenant shall fail to pay any rent, additional rent or any other charge payable under this Lease within lifteen (15) days from the date that it is due and payable, Tenant shall pay Landlord a late fee of 5 percent of such sum.

### ARTICLE III LANDLORD AGREES AS FOLLOWS:

### SERVICES TO BE FURNISHED BY LANDLORD

3.01. Landlord, for the same consideration, shall at its own expense, use reasonable efforts to provide all usual and reasonable water, heat, cooling, janitor services, elevator services for ordinary purposes and electric current for lighting purposes only in accordance with normal Building Standards. Normal Building Standards shall be in accordance with Tenant's occupancy needs or such other times as may be required by Government Regulation. If Tenant requires or consumes electricity or services in excess of such usual and reasonable amounts, Tenant shall pay Landlord for the additional usage, such charge to be based upon utility rates, electrical consumption for specific machines, and cost of services provided by the Landlord. Failure of the Landlord to furnish such services, or any stoppage of such services resulting from causes incident to making repairs or improvements, failure of equipment or systems, or any other cause, shall not render Landlord liable in any respect for damage or injury to either person or property, nor shall be construed an eviction of Tenant, nor work an abatement of rent, nor constitute a breach of Landlord's covenant of quiet enjoyment of the Premises, nor relieve Tenant from performance of any covenant or agreement hereunder. Should any equipment, system, or machinery break down, or for any cause cease to function properly, Landlord shall use reasonable diligence to repair the same promptly, but Tenant shall have no claim for abatement of rent or damages on account of interruptions in service occasioned thereby or resulting

therefrom, and Landlord shall incur no liability whatever for any loss, damage or interruption of services caused by a strike, whether such strike shall involve employees of Landlord or others, or any other cause.

### PEACEFUL ENJOYMENT

3.02. Tenant shall, and may peacefully, have, hold and enjoy the Premises subject to the other terms hereof, provided Tenant pays the rentals herein recited and performs all of its covenants and agreements herein contained.

### ARTICLE IV TENANT AGREES AS FOLLOWS:

#### **PAYMENTS**

4.01. To pay all rents and sums provided to be paid to Landlord hereunder at the time and in the manner herein provided.

### REPAIRS AND RE-ENTRY

4.02. Tenant will, at Tenant's own cost and expense, repair or replace any damage or injury done to the Building, or any part thereof, caused by Tenant or Tenant's agents, employees, invitees or visitors. If Tenant fails to make such repairs or replacements promptly, or within fifteen (15) days after occurrence, Landford may in any event, at its option, make such repairs or replacements and Tenant shall repay the cost thereof to Landlord on demand. Any wiring or cabling installed by Tenant shall be removed from the Building or Premises by Tenant at Tenant's sole expense, upon termination of this Lease. Further, any damage to the Building or Premises as a result of such removal shall be repaired or replaced by Tenant promptly or within fifteen (15) days after occurrence. Landlord may in any event, at its option, make such repairs or replacements and Tenant shall repay the cost thereof to Landlord on demand. Tenant will not commit or allow any waste or damage to be committed on any portion of the Premises, and shall, at the termination of this Lease, by lapse of time or otherwise, deliver up the Premises to Landford broom clean and in good condition as at date of possession of Tenant, ordinary wear and tear excepted, and, upon such termination of Lease, Landlord shall have the right to re-enter and resume possession of the Premises.

### ASSIGNMENT OR SUBLETTING

4.03. Tenant shall be permitted to assign, encumber or hypothecate this Lease, and to sublet the Premises, or any part thereof, or use or permit the same to be used for any other purpose than stated in the use clause hereof, or make or allow to be made any alterations or physical additions in or to the Premises only in accordance with the terms and conditions of this paragraph. The Parties acknowledge and agree that Tenant shall be permitted the unfettered right to sublease, assign, sale and transfer (the "Permitted Transfers") the lease estate contemplated by this Agreement (or any part thereof) in any manner and under any circumstances it alone deems appropriate, provided, that in no event (i) shall Tenant's covenants, agreements and undertakings, including the covenant to make Rental Payments, as set out in this Agreement be released or impaired, unless Landlord shall have expressly agreed to release Tenant (or its Guarantors) as evidenced in writing by Landlord; and (ii) Tenant shall have notified Landlord, in writing, of a Permitted Transfer(s).

4.04. Any and all such alterations, physical additions, or improvements, when made to the Premises by Tenant, shall at once become the property of Landlord and shall be surrendered to Landlord upon the termination in any manner of this Lease; but this clause shall not apply to (i) movable fixtures; or (ii) furniture; or (iii) any and all medical, radiological or related equipment and devices, including all accessories thereto belonging to Tenant.

Upon Landlord's demand, any afterations made by Tenant which were not approved by Landlord shall be removed at the termination of the Lease and the Premises restored to their former condition, all at the Tenant's expense.

### LEGAL USE AND VIOLATIONS OF INSURANCE COVERAGE

4.05. Tenant will not occupy or use, or permit any portion of the Premises to be occupied or used for any business or purpose which is unlawful in part or in whole or deemed to be disreputable or hazardous in any manner, or permit anything to be done which will in any way increase the rate of insurance on said Building and/or its contents, and in the event that, by reason of acts of Tenant, there shall be an increase in rate of the insurance on the Building or its contents created by Tenant's acts or conduct of business, then Tenant hereby agrees to pay such increase and to remedy such condition upon fifteen (15) days written demand by Landlord.

### INDEMNITY, LIABILITY AND INSURANCE

- 4.06. (A) Tenant shall indemnify, defend and hold Landlord harmless from and against any and all actions, claims, demands, costs (including reasonable attorney's fees), damages or expenses of any kind which may be asserted against or incurred by Landlord as the result of any occurrence in or about the Premises or by reason of Tenant's use or occupancy of the Premises, or by reason of the failure of Tenant to perform any of its obligations under this Lease, provided Landlord, its officers, directors, agents and employees shall not have contributed to any such claim, demand or occurrence. Tenant agrees to maintain during the term, comprehensive general public liability insurance under which Landlord, any ground lessor and Tenant are named as insureds in amounts satisfactory to Landlord which presently is to be with minimum combined single limits of \$1,000,000.00 per occurrence for bodily injury and property damage and a \$2,000,000.00 aggregate limit, and containing a contractual endorsement covering Tenant's indemnity obligations under this paragraph, and a waiver by the insurer of all right of subrogation against Landlord, its officers, directors, agents and employees. A current certificate of such insurance shall be deposited with Landlord at all times which shall provide that such insurance may not be altered, terminated or lapse without at least thirty (30) days prior written notice to Landlord.
  - (B) Anything in this Lease to the contrary notwithstanding, it is agreed that Tenant hereby releases Landlord from any liability which Landlord would, but for this paragraph (B), have had to Tenant during the term of this Lease, resulting from the occurrence of any accident, or occurrence or casualty which is covered by casualty or property damage insurance being carried by Tenant at the time of such occurrence, provided Landlord, its officers, directors, agents and employees shall not have contributed to any such claim, demand or occurrence.
  - (C) Tenant shall not suffer any mechanics' or materialmen's lien to be filed against the Premises or the total building facilities or any part thereof by reason of work, labor, services or materials performed or furnished to Tenant or anyone holding the Premises under Tenant.

### RULES OF BUILDING

4.07. Tenant and Tenant's agents, employees, invitees and visitors shall comply fully with all requirements of the rules of the Building which may be made by Landlord, provided any such rule or regulation shall have promulgated in a reasonable and non-discriminatory manner. A copy of such rules shall be furnished to Tenant and such rules may be changed or amended by Landlord at any time. If said rules shall be printed on a separate schedule, such schedule shall be attached to this Lease and made a part hereof as fully and completely as though copied herein in detail.

### ENTRY FOR REPAIRS AND INSPECTION

4.08. Tenant will permit Landlord or its officers, agents, or representatives the right to enter into and upon any and all parts of the Premises at all reasonable hours to inspect same or clean or make repairs or alterations or additions as Landlord may deem necessary or desirable, provided any such inspection, cleaning, repair or alteration needs be accomplished in a manner so as not to interfere with Tenant's operations and Tenant shall not be entitled to any abatement or reduction of rent by reason thereof.

### USE OF BUILDING NAME

4.09. Tenant shall not, except to designate Tenant's business address (and then only in a conventional manner and without emphasis or display), use a name which connotes or implies activity in any area of competition with Landlord or its affiliates. Landlord reserves the right to change the name of the development at any time. Tenant will discontinue using such name and any simulation or abbreviation thereof for the purpose of designating Tenant's business address within thirty (30) days after Landlord shall notify Tenant that the development is no longer known by such name. Notwithstanding the foregoing, Tenant reserves the right (with Landlord's approval) to name the Building.

#### SIGNS

4.10. Tenant shall not paint, display, inscribe, maintain or affix any sign, picture, advertisement, notice, lettering or direction on any part of the outside, except on hallway doors of the Premises, and then only such name or names or matter and in such color, size, style, character and material as may be first approved by Landlord in writing, such approval shall not be unreasonably withheld. Landlord reserves the right to remove, at Tenant's expense, all matter other than that above provided for without notice to Tenant.

### DEFACING PREMISES AND OVER-LOADING

4.11. Tenant shall not place anything or allow anything to be placed near the glass of any door, partition, wall or window which may be unsightly from outside the Premises, and Tenant shall not place or permit to be placed any article of any kind on any window ledge or on the exterior walls, blinds, shades, awnings or other forms of inside or outside window coverings, or window ventilators or similar devices, shall not be placed in or about the outside windows in the Premises except to the extent, if any, that the character, shape, color, material and make thereof is approved by the Landlord, and Tenant shall not do any painting or decorating in the Premises or make, paint, cut or drill into, or in any way deface any part of the Premises or Building without the written consent of Landlord, such consent shall not be unreasonably withheld. Tenant shall not overload any floor or part thereof in the Premises, or any facility in the Building or any public corridors or elevators therein, by bringing in or removing any large or heavy articles, and the Landlord may direct and control the locations of safes, furniture and other large or heavy articles that may be brought into the Building, removed therefrom or moved from place to place

within the Building only at times and in the manner designated by Landlord. Tenant agrees not to place any load on any portion of the Premises or other portions of the Building or its equipment that would exceed the allowable load limits as set forth in the rules of the Building.

#### **PARKING**

4.12. Tenant, its employees, patients and invitees shall at all times have the right to use the paved parking area which belongs to Landlord and which is a part of the Premises. Tenant shall be responsible for the maintenance, upkeep, repairs, marking and cleaning of said parking area and the parking area shall at all times be kept clean of any trash and the entrances and exits shall not be altered or hindered by Tenant. Tenant reserves the right to designate (and the location of which shall be in Tenant's discretion) fifteen (15) parking slots as "Physician Only" parking spaces.

### ARTICLE V LANDLORD & TENANT MUTUALLY AGREE AS FOLLOWS:

### CONDEMNATION

5.01. If the Premises, or any material part thereof, or any mutual interest therein, be taken by virtue of eminent domain or for any public or quasi-public use or purpose, either Party may terminate this Lease and the estate hereby granted as of the date of such taking. If any part of the Building other than the Premises be so taken, the Landlord shall have the right to terminate this Lease at the date of such taking or within six months thereafter by giving Tenant one hundred twenty (120) days prior notice of the date of such termination. Landlord shall be entitled to the entire condemnation award, except that Tenant shall be entitled only to that portion of any award which reflects the unamortized value of any permanent improvements to the structure of the Building paid for by Tenant and for its furniture and trade fixtures.

#### LOSS OR DAMAGE

5.02. Landlord shall not be liable or responsible for any loss or damage to any property or person occasioned by theft, fire, water, rain, snow, leakage, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition or order of any governmental body or authority or any matter beyond the control of Landlord or for any damage or inconvenience which may arise through repair or alteration of any part of the Building, or failure to make such repairs, or from any cause unless occasioned solely by Landlord's negligence.

### HOLDING OVER

- 5.03. If Tenant holds over occupying the Premises after the term ends ("Holdover"), then:
  - 1. If the Holdover is with Landlord's written consent, such consent to be obtained in writing by Tenant from Landlord no later than one hundred eighty (180) days prior to the last day of the term, which consent shall not be unreasonably withheld, it shall be a month-to-month tenancy, subject to any other conditions Landlord may impose, and terminable on thirty (30) days advance notice by either party. Tenant shall pay at the beginning of each month one hundred twenty percent (120%) of the amount of Rent and Additional Rent due in the last full month immediately preceding the Holdover period;
  - 2. If the Holdover is without Landlord's written consent, then Tenant shall be a tenant-at-sufferance. Tenant shall pay by the first day of each month twice the amount of Rent and Additional Rent due in the last full month immediately preceding the Holdover period and shall be liable for any damages suffered by Landlord because of Tenant's Holdover. Landlord shall retain its remedies against Tenant who holds over without Landlord's written consent.

### LOSS BY FIRE OR OTHER CAUSES

5.04. Tenant shall, in case of fire, or loss or damage from any other cause, give immediate notice thereof to Landlord. In the event of damage by fire or other causes resulting from negligence or intentional misconduct of Tenant or Tenant's agents, employees, invitees or visitors, the same shall be repaired by and at the expense of Tenant under the direction and supervision of Landlord. If the Premises shall be damaged by fire or other casualty covered by Landford's insurance and not resulting from the negligence or intentional misconduct of Tenant or Tenant's agents, employees, invitees or visitors, the damages shall be repaired by and at the expense of Landlord and the rent until such repairs shall be made shall be apportioned according to the part of the Premises so damaged, except that Tenant agrees to repair and replace its own furniture, furnishings and equipment, and except that, if such damage be so extensive that replacement of all or substantially all of the Building be required, then and in that event, at the option of Landlord, this Lease will be canceled and of no force and effect from and after the date of the occurrence of such damage. No penalty shall accrue for any reasonable delay which may arise by reason of adjustment of insurance on the part of Landlord, and for reasonable delay on account of "labor troubles" or any other causes beyond Landlord's reasonable control.

#### SUBROGATION

5.05. Landford and Tenant hereby mutually covenant and agree to have their respective insurance carriers waive any right of subrogation for any losses paid to them on policy or policies of insurance carried on their respective properties to the extent permitted by the terms of such policy or policies. If such waiver can be secured only by the payment of an additional premium, the Party benefitted thereby shall have the option of paying such additional premium or waiving its right to such protection.

### ATTORNEY'S FEE

5.06. In case of a Party (the "Breaching Party") defaults in the performance of any of the terms, covenants, agreements or conditions contained in this Lease and (the "Non-Breaching Party") places the enforcement of this Lease, or any part thereof, or the collection of any rent due, or to become due hereunder, or recovery of the possession of the Premises, in the hands of an attorney, or files sult upon the same, the Breaching Party agrees to pay the Non-Breaching Party's reasonable attorney's feet

### AMENDMENT OF LEASE

5.07. This Agreement may not be altered, changed, or amended, except by an instrument in writing signed by both Parties hereto.

### TRANSFER OF LANDLORD'S RIGHTS

5.08. Landlord shall have the right to transfer and assign, in whole or in part, all and every feature of its rights and obligations hereunder and in the Building and property referred to herein. Such transfers or assignments may be made either to a corporation, partnership, trust company, individual or group of individuals, and, howspever made, are to be in all things respected and recognized by tenant.

- 5.09. Each of the following shall constitute an "event of default":
  - (A) If Tenant shall fall to pay when due any rent, additional rent or other charge payable by Tenant under this Lease and such default shall continue for fifteen (15) days; or
  - (B) If Tenant shall fail to observe or perform any other provision of this Lease, and such default shall continue for a period of thirty (30) days after Landlord gives written notice thereof to Tenant; (provided that if such default cannot reasonably be cured within thirty (30) days then Tenant shall have an additional reasonable period of time to cure such default).
  - (C) If Tenant shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy act or any other present or future federal, state or other bankruptcy or insolvency statute or law, or shall seek or consent to or acquiesce in the appointment of any bankruptcy or insolvency trustee, receiver or liquidator of tenant or of all or any substantial part of its properties or of the Premises and If such condition shall continue for a period of twenty (20) days after notice from Landlord specifying the matter involved.

#### REMEDIES

- 5.10. Upon the occurrence of any event of default, Landlord shall have the right at any time thereafter to pursue any one or more of the following remedies with or without notice or demand. Pursuit of any of the following remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law or equity, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rents due to Landlord hereunder or of any damages accruing to Landlord by reason of the Tenant's violation of any of the terms, conditions or covenants herein contained.
  - (A) Terminate this Lease; however, any liability of Tenant to Landlord or indemnification of Landlord by Tenant shall survive such termination, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rents, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, by force if necessary, without being liable for prosecution or for any claim for damages therefor. Tenant agrees to pay to Landlord on demand the amount of all loss and damage which Landlord may suffer by reason of such termination, whether through inability to relet the Premises on satisfactory terms or otherwise.
  - (B) Enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises, by entry into the Premises If necessary, without being liable for prosecution or any claim for damages therefor, and relet the Premises and receive the rents therefrom. Tenant agrees to pay to Landlord on demand any deficiency that may arise by reason of such reletting. There shall be added to any deficiency such reasonable expenses as Landlord may incur in reletting the Premises, including attorneys' fees, brokerage fees and preparation of the Premises for reletting, all as Landlord deems advisable and necessary for the purpose of reletting the Premises.

- (C) Enter upon the Premises, by force if necessary, without being liable for prosecution or any claim for damages therefor, and do whatever Tenant is obligated to do under the terms of this Lease. Tenant agrees to reimburse Landlord on demand for expenses, together with interest at the maximum rate legal in Tennessee per annum, which Landlord may incur in effecting compliance with Tenant's obligations under this Lease, and Tenant further agrees that Landlord shall not be liable for any damages resulting to the Tenant from such action.
- (D) At its option, declare the rents for the entire remaining Lease term, and other indebtedness if any, immediately due and payable without regard to whether or not possession shall have been surrendered to or taken by Landlord, and may commence action immediately thereupon and recover judgment therefor. Any rents or charges which may be due Landlord, as provided herein, shall include Base Rent for the Lease Term, Operating Expense Charge and any additional rent or other charges provided herein.
- (E) In the event that the Landlord's exercise of any remedy under this Section or of any other remedy for default available to and under the law, or in equity results in a period of time during which the Premises remains unlet irrespective of whether this Lease is terminated or not, the Tenant shall be absolutely liable to the Landlord for the rentals which would be due under this Lease for such period of time. The liability of the Tenant shall not be diminished for such period of a subsequent reletting of the Premises, regardless of whether the reletting results in rent payments in excess of the rent payments required hereunder.
- (F) It is further agreed that if an event of default shall have occurred or if the Landlord should terminate the Lease and/or take possession of the Premises pursuant to any of the above Sections or pursuant to rights under the statutory or common law, the Landlord may thereafter accept any rental payments or other payments which may be tendered by the Tenant as payments on account. The acceptance of such payments shall not be deemed a release of any of the liabilities under this Section and shall not be deemed a waiver of the Event of Default or an agreement to restore possession of the Premises to the Tenant in the absence of a written agreement to that effect signed by or on behalf of the Landlord.

### WAIVER

5.31. Failure of Landlord to declare any default immediately upon occurrence thereof or delay in taking any action in connection therewith shall not waive such default, but Landlord shall have the right to declare any such default, at any time and take such action as might be lawful or authorized hereunder, either in law or in equity.

### **POSSESSION**

5.12. If, for any reason the Premises shall not be ready for occupancy by Tenant at the time of commencement of this Lease, this Lease shall not be affected thereby, nor shall Tenant have any claim against Landlord by reason thereof and all claims for damages arising out of such delay are waived and released by Tenant.

### BANKRUPTCY

5.13. If voluntary bankruptcy proceedings be instituted by Tenant, or if proceedings be instituted by anyone else to adjudge Tenant a bankrupt, or if Tenant makes an assignment for the benefit of his creditors or if execution be issued against him, or if the interest of Tenant in this Lease pass by operation of law to any person other than Tenant, this Lease may, at the option of Landlord, be terminated by notice to Tenant.

### ASSIGNMENT BY LANDLORD

5.14. This Lease shall also inure to the benefit of the successors and assigns of Landlord and, in accordance with Section 4.03, to the benefit of the heirs, executors and/or administrators, successors and assigns of Tenant.

### LANDLORD EXCUSED IN CERTAIN INSTANCES

5.15. If, by reason of inability to obtain and utilize labor, materials, or supplies, or by reason of circumstances directly or indirectly the result of any state of war or national or local emergency, or by reason of any laws, rules, orders, regulations or requirements of any governmental authority now or hereafter in force, or by reason of strikes, riots, or by reason of accidents in, damage to or the making of repairs, replacements or improvements to, the Building or any of the equipment thereof, or by reason of any other cause beyond the reasonable control of the Landlord, Landlord shall be unable to perform or shall be delayed in the performance of any covenant to supply new service, such nonperformance or delay in performance shall not give rise to any claim against the Landlord for damages or constitute a total or partial eviction, constructive or otherwise.

### SUBORDINATION

5.16. This Lease is and shall be subject and subordinate to all mortgages which may now or hereafter affect the Project of which the Premises form a part, and to all renewals, modifications, consolidations, replacements and extensions thereof, and, although this subordination provision shall be deemed for all purposes to be automatic and effective without any further instrument on the part of the Tenant, Tenant shall execute any further instrument requested by the Landlord to confirm such subordination and agrees to attorn to any mortgagee and its successor, provided no uncured event of default exists. Nothing contained in this Agreement shall be construed to mortgage, assign or in any manner convey any interest, in part or in whole, in either the land or the building, or both.

### **ELECTRICAL FIXTURES**

5.17. Landlord shall furnish all lamps required for use in such electrical fixtures as designated on all Working Drawings attached hereto.

### TENANT IMPROVEMENT ALLOWANCE BY LANDLORD

5.18. Landlord agrees to provide a Tenant Improvement Allowance for improvements which become permanent fixtures as part of the Premises. The Tenant Improvement Allowance shall be an amount equal to Forty and 00/100ths Dollars (\$40.00) per usable square foot of the Premises.

Tenant shall pay all costs and expenses for the construction of the Tenant Improvements as indicated on Exhibit A in excess of the Tenant Improvement Allowance by Landlord ("the Excess") within ten (10) days after written demand therefor by Landlord accompanied by a statement in reasonable detail showing how such excess was determined. Any amount for which the Tenant falls to reimburse the Landlord on demand shall be considered Additional Rent hereunder, and may be added to any installment of Annual Minimum Rent thereafter becoming due, and the Landlord shall have the same remedies for a default in such reimbursement as for a default in the payment of Annual Minimum Rent.

### CONSTRUCTION OF LANDLORD'S WORK

5.19. If Tenant shall deliver its written approval to Landlord of the Plans and Specifications and costs for the Landlord's Work as set forth in Exhibit "B" on or before the latter of: (i) July 1, 1999, or (ii) the date which is not less than eight (8) months prior to the Estimated Completion Date, then Landlord agrees to use its reasonable efforts to substantially complete the Landlord's Work as described on Exhibit "B" by October 1, 2000, subject to Force Majeure as herein defined. Landlord agrees to use its reasonable efforts to have the Building in completed condition, subject to Force Majeure as herein defined, so that Landlord's Work can be completed by the Estimated Completion Date, provided, however, that the Tenant represents and warrants that the scope and nature of the Landlord's Work in accordance with the final plans and specifications shall not involve more than eight (8) months for construction and lead time sensitive materials.

Possession of the Premises by Tenant shall be deemed conclusive approval by Tenant of all Landlord's Work, except for items thereof which are not completed or do not conform to Exhibit "B" and as to which Tenant shall have given notice to Landlord within ninety (90) days after the commencement of the Lease Term.

### X-RAY EQUIPMENT, MEDICAL WASTE, HAZARDOUS MATERIALS AND INDEMNITY

5.20. In the event the Tenant should use or require the use of x-ray, radium, cobalt or any other material requiring the use of special devices or equipment, the Tenant agrees to comply with any and all rules and regulations of the Department of Energy or any other agency having jurisdiction of such materials.

All x-ray and other similar equipment, and the location thereof, which Tenant plans to install shall first be approved by the Landlord, such approval shall not be unreasonably withheld. The Tenant shall pay for the necessary shielding and electrical connections for any x-ray equipment and shall periodically provide, upon Landlord's request, State certification that the equipment is properly working and that the x-ray emanation is minimized and contained. Tenant shall in compliance with all applicable laws and regulations properly dispose of Medical Waste by separate waste disposal company, which company is subject to the approval of Landlord, such approval shall not be unreasonably withheld. The term "Medical Waste" shall be broadly defined to include, without limitation, human discharges and fluid, all gauze, bandages, instruments, syringes, needles, drugs, and every other item of any nature used in connection with medical and patient services.

Through the Lease Term, Tenant will not permit the handling, use, possession or presence of Hazardous Materials in, on or at the Premises except (i) in compliance with all applicable laws relating to hazardous materials, (ii) in such a manner as not to present a significant present or potential health risk to Landlord or other Building tenants or their respective agents, employees and guests, and (lii) as is customary for medical tenants in Memphis, Tennessee. "Hazardous Materials" shall mean any substance whose nature and/or quantity or existence, use, manufacture or effect render its subject to federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. Such federal, state or local laws and regulations shall be referred to herein as "Environmental Laws". If Tenant shall breach the covenant provided in this paragraph, then, in addition to any other rights or remedies which may available to Landlord under this Lease or otherwise at law or in equity, Landlord may require Tenant to take all actions, or to reimburse Landlord for the cost of any and actions taken by Landlord, as are necessary to comply with all applicable laws and to abate any significant present or potential health risk with respect to any hazardous material conducted or permitted or present in, on or at the premises.

The Tenant agrees to indemnify, hold harmless, and defend the Landlord, its agents and employees, from any and all damages, injuries and claims of every kind or nature growing out of the violation by Tenant, its agents or employees, of applicable laws pertaining to the presence of Hazardous Materials in, on or at the Premises, or the handling, use, possession or disposal of Medical Waste or Hazardous Materials, x-ray and other equipment, without limitation, and agrees to be responsible for any and all claims or damages arising from incident to or occasioned by the handling and disposal of Medical Waste and the use of such materials, x-ray and other equipment, without limitation, to any and all persons, including the Landlord in violation by Tenant, its agents or employees, of applicable laws pertaining thereto. This indemnity provisions is in addition to and not in limitation of the indemnity agreement in paragraph 4.06 hereof.

### CONTINUATION OF LEASE AFTER TERMINATION

5.21. No receipt of money by Landlord from Tenant after the termination of this Lease, or after the service of any notice, or after commencement of any suit, or after final judgment for possession of the Premises shall reinstate, continue or extend the term of this Lease or affect any such notice, demand or suit.

Landford and Tenant mutually covenant with each other:

- (1) That all rights and remedies of the Landlord under this Lease shall be cumulative, and none shall exclude any other rights and remedies allowed by law.
- (2) It is understood and agreed by the Parties hereto that notice from Landlord mailed or delivered to Premises leased hereunder shall constitute sufficient notice to Tenant to comply with the terms of this Lease.
- (3) It is further understood and agreed that any charges against Tenant by the Landford for supplies, services, or for work done on the Premises by order of Tenant, or otherwise accruing under this Lease shall be considered as rent due and unpaid.
- (4) Each of the provisions of this Lease shall extend to, and shall, as the case may require, subject to the provisions of 5.15 hereof, bind or inure to the benefit not only of Landlord and Tenant, but also of their respective successors, assigns, heirs and legal representatives.
- (5) That all exhibits initialed by both Parties hereto and attached to this Lease shall be a part of this contract whether or not said exhibits are specifically referred to in the Lease.
- (6) That the waiver by Landlord of any breach of any covenant or covenants of this Lease shall be limited to the particular covenant, and shall not operate nor be deemed to waive any future breaches of the same covenant or covenants nor of any other covenant or covenants.
- (7) In the event that any provision or part of a provision of this Lease is held invalid, the other provisions and parts of provisions shall remain in full force and effect.

### FORCE MAJEURE

5.22. Should Landlord, through no fault or omission of Landlord or failure by Landlord to use reasonable diligence, be delayed or prevented from performing any of its obligations including construction, services, repairs or replacements under this Lease or should the progress, performance or completion of any portion or portions of the whole of the Premises or Landlord's Work be delayed as a result of weather, or as the result of acts of God, events beyond the control of Landlord not related to

financial ability on the part of Landlord, acts of the government, inability or procure materials, contractors or professionals, inability to obtain utilities or failure of utilities, laws or other governmental requirements or approvals, or strikes, freight embargoes or other casualty, or on account of any act, or omission of others engaged by Landlord, or on account of any act or omission of the Tenant, Landlord's delay shall be excused and the time of estimated completion of the portion or portions of the work directly affected by such delay, shall, at the option of the Landlord, be extended by a period equivalent to the time lost thereby. If Landlord shall be unable to perform or shall be delayed, through no fault or omission of Landlord, in the performance of any covenant to supply service, such nonperformance or delay in performance shall not give rise to any claim against the Landlord for damages or constitute a total or partial eviction, constructive or otherwise. If Tenant is unable to make repairs, restoration or perform maintenance to the Premises as required herein due to similar factors as provided in the preceding paragraph (which paragraph is only applicable to Landlord) then such nonperformance or delay shall not give rise to any default or claim against the Tenant hereunder.

### EXCULPATION

5.23. Landford (and, in case Landford shall be a joint venture, partnership, tenancy-in-common, association or other form of Joint ownership, the members of any such joint venture, association partnership, tenancy-in-common, association or other form of Joint ownership) shall have absolutely no personal liability with respect to any provision of this Lease, or any obligation arising therefrom or in connection therewith. Tenant shall look solely to the equity of the then Owner of the demised Premises in the Building (or if the interest of the Landford is a leasehold interest, Tenant shall look solely to such leasehold interest) for the satisfaction of any remedies of Tenant in the event of a breach by the Landford of any of its obligations. Such exculpation of liability shall be absolute and without any exception whatsoever.

### GUARANTY

5.24. The performance of all the obligations of Tenant as set forth in this Lease shall be guaranteed pursuant to the Guaranty of Lease attached hereto as Exhibit D.

### NOTICES

5.25. Any notice required or permitted to be given hereunder shall be in writing, and if delivered personally including overnight mail service sent to:

LANDLORD:

Mr. Mark J. Halperin Senior Vice President Boyle Investment Company 5900 Poplar Avenue Memphis, Tennessee 38119

TENANT:

West Partners, LLC

a Tennessee Limited Liability Company

Post Office Box 240728

Memphis, Tennessee 38124-0728

ATTN:

Lee Schwartzberg, M.D.

With Copy to:

Reid D. Evensky, Esquire Reid D. Evensky, P.C. Post Office Box 172302

Memphis, Tennessee 38187-2302

Or mailed by certified mail, sent to same individuals at the above specified addresses.

5.26. (a) Tenant's Right of First Offer. Tenant shall have a Right of First Offer regarding the Project ("ROFO"). If Landlord determines that it wants to begin marketing or offering all or any portion of the Project for sale, or if Landlord receives an unsolicited written contract for sale and purchase of the Project which Landlord is willing to accept, Landlord shall have the obligation to give Tenant a notice (Tenant's ROFO Notice") informing Tenant that it intends to offer the Project for sale on the terms and conditions set forth thereon ("Landlord's Terms"), or that Landlord is desirous of accepting the third party offer according to its terms ("Third Party Offer").

Notwithstanding any provisions in this Section 5.27, the provisions of this Section shall not apply to any sale or transfer by Landlord of the Project to any affiliate of Landlord, including any shareholder or member of Landlord or any entity or trust for their benefit.

- (b) Exercise of Tenant's ROFO. Tenant shall have the right and option to exercise the Tenant's ROFO and purchase the Project for the Landlord's Terms or Third Party Offer whichever may be specified in Tenant's ROFO Notice, which right and option may be exercised only by giving written notice of exercise thereof to Landlord within fifteen (15) days following the date on which Tenant receives the Tenant's ROFO Notice (the "Tenant's ROFO Exercise Period").
- (c) Effect of Tenant's Election. If Tenant exercises the Tenant's ROFO as provided above, the parties will promptly enter into a purchase and sale agreement in accordance with Subsection (e) below. If, however, Tenant does not exercise the Tenant's ROFO in accordance with Subsection (b) above, then Landlord shall have the right to market and sell the Project at a price equal to or in excess of the price stated in the Tenant's ROFO Notice without further obligation to Tenant. If, after giving Tenant a Tenant ROFO Notice, Landlord determines that it wants to sell the Project for a price less than the price stated in the Tenant's ROFO Notice, then Landlord shall give Tenant a new Tenant ROFO and follow the procedure of Subsection (a).
- (d) Termination of Tenant's ROFO Upon Sale to a Third Party. Subject to the provisions of Subsection (c) above, if the Project shall be sold by Landlord at a price equal to or in excess of the price stated in the Tenant's ROFO Notice to a third party after Tenant has failed to exercise the Tenant's ROFO with respect to such sale, the third-party purchaser shall take the Project from Landlord free and deliver to Landlord an appropriate release or other instrument in recordable form, evidencing the termination of this Section 5.27 and the rights of Tenant hereunder as to the Project.
- (e) Purchase and Sale Agreement. If Tenant exercises the Tenant's ROFO, the parties will promptly, within fifteen (15) days after such notice, sign a contract on terms and conditions consistent with the Third Party Offer, or if based upon the Landford's Terms, then negotiate in good falth a commercially reasonable purchase and sale agreement to more fully set forth the agreement of the parties in accordance with customary practices for commercial real estate transactions in the Memphis, Tennessee, metropolitan area. The contract shall provide for closing consistent with the Third Party Offer, or if based upon Landford's Terms, then within sixty (60) days from the date Tenant exercises the ROFO.
- (f) Tenant's ROFO Personal to West Partners, L.L.C. Tenant's ROFO is personal to West Partners, L.L.C. If West Partners, L.L.C. does not own the leasehold estate created hereunder, Tenant's ROFO shall automatically terminate.
- (g) Duration of Tenant's ROFO. The terms and provisions of this Section 5.26 of this Lease shall be effective upon the Commencement Date and continuing thereafter until the earlier of (i) the date Landlord sells the Project to a third party pursuant to this Section or (ii) the expiration or earlier termination of this Lease.

IN WITNESS WHEREOF, the Partles have hereunto executed this Lease Agreement this the day and year first above written.

LANDLORD:

Witness:

W. Morgan, Executive Manager

TENANT:

WEST PARTNERS, LLC a Tennessee Limited Liability Company

Witness:

By: Its:

#### **RULES AND REGULATIONS**

- Tenant shall not operate, or permit to be operated any mechanical machinery, steam
  engine, Boiler, or stove without Landford's written consent, such consent shall not
  be unreasonably withheld; tenant will not allow the use of oil, burning fluids,
  kerosene, gasoline or other fuels to be used on the demised Premises.
- No articles deemed as extra hazardous on account of fire or explosion shall be brought into the Premises.
- Tenant shall not permit the preparation of food for consumption in the Premises, nor
  the facilities for the preparation of food without written consent, such consent shall
  not be unreasonably withheld, except as set out on the Plans and Specifications.
  Tenant shall not use the Premises for housing, lodging, sleeping, nor any immoral or
  Illegal purposes.
- 4. Tenant shall not operate, or permit to be operated, any musical or sound producing instrument or device Inside or outside the Premises which may be heard outside the Premises, except as set out on the Plans and Specifications.
- Tenant shall not permit odors to emanate from the Premises nor allow any objectionable noise to emanate from the Premises.
- Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.
- Subject to Tenant's requirement of having twenty-four hour access, seven (7) days a week. Landlord reserves the right to exclude from the Building between the hours of 6:00 PM to 8:00 AM and in all hours on Sunday and legal holidays, all persons who do not present a pass to the Building, signed by the Tenant. Each Tenant shall be responsible for all persons for whom he issues such pass and shall be liable to Landlord for all acts of such persons.
- Tenant shall not bring or permit to be brought into the Building any bicycle, or any vehicle, or dog, (except in the company of a blind person) or other animal or bird.
- 9. Tenant shall not install any radio or television antenna on the roof, or on, or in any part of the inside or the outside of the Building other than inside the leased Premises, except as set out on the Plans and Specifications.
- Tenant shall not use any illumination or power for the operation of any equipment or device other than electricity which shall be provided by the Landford.
- 11. No wires or cables, nor lines shall be brought into the leased Premises, nor shall there be permitted to operate any electrical device from which may emanate electrical waves which may interfere with or impair radio or television broadcasting or reception from or in the Building, except as set out on the Plans and Specifications.
- 12. The Landlord may retain a pass-key to the Premises and be allowed admittance thereto at all times to enable its representatives to examine or exhibit said Premises from time to time. No additional locks or bolts of any kind shall be placed upon any of the doors, nor shall any change be made in existing locks. Each Tenant must upon his termination of tenancy restore to the Landlord all keys to office, restrooms and other areas.

- 13. Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside Premises, except as set out on the Plans and Specifications. Tenant shall not overload any floor or part thereof of the Premises, such floors being designed to support seventy pounds per square foot of dead weight. Landlord shall direct and control the location of safes, heavy articles and large articles.
- 14. Tenants shall cooperate with Landlord in obtaining maximum effectiveness of the cooling system by closing venetian blinds when sun's rays fall directly on windows of Premises.
- 15. Landlord reserves the right to make such other and further rules and regulations as in its judgement may be for the safety, care, and cleanliness of the Premises and for the preservation of good order therein. Tenant agrees to abide by all such rules and regulations herein above stated and any additional rules and regulations which are adopted, provided all such rules and regulations are reasonable and non-discriminatory.
- 16. Tenant shall cooperate with Landlord in promoting the useful life of all carpeted areas by providing plastic chair pads at all desk chair locations.
- 17. No smoking is permitted in the common areas to include corridors, rest rooms, elevators, stairwells, exterior entries, etc. Tenants who have a no smoking policy are required to provide an area within their space for employees who smoke.
- 18. Landlord requires any moving of furniture, etc. in and out of the Building to be done after 5:00 p.m. Monday through Friday and any time after 7:30 a.m. on Saturday and Sunday.

## EXHIBIT A Plan Delineating the Leased Premises

### Exhibit "A"

to Lease Agreement dated July 27, 1999 between Boyle North-West, L.L.C. ("Landlord") and West Partners, L.L.C. ("Tenant")

### Plan Delineating the Leased Premises - 100 N. Humphreys Blvd., Memphis, TN

Construction Documents and Project Specifications dated August 2, 1999 by Fleming/ Associates/Architects, P.C., 5124 Poplar Avenue, Suita 106, Memphis, Tennessee 38117.

1. Construction Documents include the following sheets:

Civil	and passificing motore are loughtrift aff	cu.
C1.0		dalad Averat 4, 4000
C1.1		dated August 4, 1999
C1.2	Grading and Dreinage	dated August 4, 1999
C1.3		dated August 4, 1999
C1.4		dated August 4, 1999
C1.5		dated August 4, 1999
	The second secon	dated August 19, 1999; revised September 14, 1999
C1.6		dated August 4, 1999
U1.7	Details	dated August 4, 1999
Land	scape	
L1.1	Landscape Plan	dated August 4, 1999
Struc	dural	
\$1.0		dated August 2, 4000
\$1.1	Foundation Plan	dated August 2, 1999
\$1.2		dated August 2, 1999
\$1.3	Roof Framing Plan	dated August 2, 1999
81.4		dated August 2, 1999
82.1		daled August 2, 1990
\$2.2		dated August 2, 1999
02.2	Details and Schedules	dated August 2, 1999
<u>Archil</u>	tectural	
A1.1	First Floor Plan	dated August 2, 1999
A1.2	Second Floor Plan	dated August 2, 1999
A2.1	Exterior Elevations	dated August 2, 1999
A2.2	Exterior Elevations/Details	dated August 2, 1999
A3.1	Building Sections	dated August 2, 1999
A4.1	Wall Sections/Details	dated August 2, 1899
A4.2	Stair Sections/Details	dated August 2, 1999
A6.1	Door & Window Schedule	dated August 2, 1999
A7.1	Finish Schedule/Details	valed August 2, 1999
A8.1	First Floor Reflected Ceiling Plan	
A8.2	Second Floor Reflected Ceiling Plan	daled August 2, 1999
A9.1	Roof Plan/Details	dated August 2, 1999 dated August 2, 1999
Mecha	anioni	
MP1.1	Site Plan – Mechenical	dutud according to their
M1.1	First Floor Plan - HVAC	dated August 2, 1999
	Second Floor Plan - HVAC	dated August 2, 1999
M1 3	Roof Plan HVAC	daled August 2, 1999
M2.1	Robertules	dated August 2, 1999
M3.1		dated August 2, 1999; revised September 2, 1999
14127.1	Details	dated August 2, 1999
Plumb	ing	
P1.1	First Floor Plan - Plumbing	daled August 2, 1999
P1.2	Second Floor Plan - Plumbing	dated August 2, 1999
P2.1	Schedules and Details	dated August 2, 1999
Electric	*al	
E1.1		deleta de como de como
€1.2	Electrical Site Plan	dated August 2, 1999; revised August 31, 1999
E1.3	First Floor Plan - Lighting	daled August 2, 1998
		dated August 2, 1999
E1.4	Second Floor Plan - Lighting	dated August 2, 1999
E1.5	Second Floor Plan - Power	dated August 2, 1999
E1.6	Riser Diagram/Details	daled August 2, 1999
		•

Project Directory for Boyle K-4 Office Building, Humphreys Boulevard North, Memphis, Tennessee 38120 Date: August 2, 1999

August 2, 1999

Owner: Boyle Investment Company, 5900 Poplar Avenue, Memphis, Termessee 38119 Flaming/Associates/Architects, P.C., 5124 Poplar Avenue, Suite 106, Memphis, Tennessee 38117 Architect;

### EXHIBIT B Working Drawing Describing "Landlord's Work"

### Exhibit "B"

to Lease Agreement dated July 27, 1999 between Boyle North-West, L.L.C. ("Landlord") and West Partners, L.L.C. ("Tenant")

### PROPERTY DESCRIPTION

SURVEY OF PART OF PARCEL 1 & 2, HUMPHREY'S CENTER P.D., AS RECORDED IN PLAT BOOK 192 PAGE 22, BEING THE BOYLE NORTH-WEST L.L.C. PROPERTY AS RECORDED IN INSTRUMENT NUMBER JR 9367 BOTH ON RECORD IN THE SHELBY COUNTY REGISTER'S OFFICE AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT IN THE CENTERLINE OF HUMPHREY'S BOULEVARD (68.00' R.O.W.), SAID POINT BEING LOCATED NORTHWARDLY ALONG SAID CENTERLINE A DISTANCE OF 910.46 FEET FROM THE INTERSECTION OF SAID CENTERLINE AND THE NORTH LINE OF WALNUT GROVE ROAD; THENCE NORTH 01 DEGREES 53 MINUTES 25 SECONDS WEST A DISTANCE OF 34.00 FEET TO A FOUND IRON PIN IN THE NORTH LINE OF SAID HUMPHREY'S BOULEVARD, SAID IRON PIN BEING THE POINT OF BEGINNING FOR THE PROPERTY DESCRIBED HEREIN; THENCE SOUTHWESTWARDLY ALONG SAID NORTH LINE, ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 878.63 FEET, A CHORD BEARING OF SOUTH 84 DEGREES 07 MINUTES 12 SECONDS WEST, A CHORD DISTANCE OF 119.68 FEET, AND AN ARC LENGTH OF 119.77 FEET TO A POINT OF TANGENCY; THENCE CONTINUING ALONG SAID NORTH LINE SOUTH 80 DEGREES 07 MINUTES 33 SECONDS WEST A DISTANCE OF 113.99 FEET TO A POINT OF CURVATURE; THENCE NORTHWESTWARDLY ALONG SAID NORTH LINE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 416.00 PEET, A CHORD BEARING OF NORTH 72 DEGREES 24 MINUTES 33 SECONDS WEST, A CHORD DISTANCE OF 383.72 FEET, AND AN ARC LENGTH OF 398.82 FEET TO A FOUND IRON PIN; THENCE NORTH 04 DEGREES 39 MINUTES 40 SECONDS BAST A DISTANCE OF 406.38 FEET TO A POINT IN THE SOUTH LINE OF THE CRABB DRUFF PROPERTY AS RECORDED IN INSTRUMENT NUMBER Z2 9037, IN SAID REGISTER'S OFFICE; THENCE SOUTH 85 DEGREES 20 MINUTES 20 SECONDS EAST ALONG SAID SOUTH LINE A DISTANCE OF 351.20 FEET TO A FOUND IRON PIN BEING THE SOUTHEAST CORNER OF SAID CRABB DRUFF PROPERTY; THENCE SOUTH 43 DEGREES 36 MINUTES 50 SECONDS EAST A DISTANCE OF 289.64 FEET TO A FOUND IRON PIN; THENCE SOUTH 01 DEGREES 53 MINUTES 25 SECONDS EAST A DISTANCE OF 244.58 PEET TO THE POINT OF BEGINNING AND CONTAINING 254,922 SQUARE FEET OR 5.852 ACRES OF LAND.

### EXHIBIT C

### COMMENCEMENT DATE AGREEMENT

THIS	S AGREEMENT made this ("Lan	day of	, 2000, by and between
Liability Co	mpany ("Tenant").	ICTOID ) AND THESE	armers, ELC, a Tennessee Limited
	WIT	NESSETH:	
WHI (Lease) wh	EREAS, Landlord and Tenant enterich set forth the Terms of occurrence Memphis, Tennessee.	red into a Lease d supancy by Tena	lated as of, 1999 nt for the Premises located at
WHI	EREAS, it has been determined in 1999, is the commencemen	accordance with t t Date of the initia	he provisions of Article 1.01 that Il term of this Lease.
NOV certain ever	N THEREFORE, pursuant to Article of the the execution of sald Lea	e 1.02 of the Lease se, it is agreed and	e, in order to provide a record of d confirmed.
1.	The Lease is in full force and ef	fect.	
2.	The Commencement Date of the expiration is	term of the Lease	is, 1998, and the
3.	The usable square footage of th	e Demised Premis	es is square feet.
4.	representations, warranties, cover	enants, agreements	th all requirements, conditions, s and obligations under the Lease construction of all improvements
IN W and year fin	VITNESS WHEREOF, the Parties he st above written.		cuted this instrument as of the day
		LANDLORD:	*
Witness:		8y: Herry V	W. Morgan, Executive Manager
	N.	TENANT: WEST PARTNE a Tennessee Lii	RS, LLC nited Liability Company
Witness:	X	By: lts: Date:	

### Guaranty of Lease

This Guaranty of Lease ("Guaranty") is made, jointly and severally, as of the 27th of July , 1999, by Lee Schwartzberg, Kurt Tauer, Alva Weir, III, Benton Wheeler, Guy Photopulus, Linda Smiley and those other persons or parties to be identified by Tenant (referred to herein as "Guarantor" or "the undersigned").

In consideration of the direct and material benefits that will accrue to the Guarantor, and in order to induce ("Landlord") to enter into the certain Lease ("Lease") dated  $\underline{July}$  27, 1999, by and between Landlord and West Partners, LLC, a Tennessee Limited Liability Company ("Tenant"), the undersigned agrees as follows:

- 1. The undersigned, jointly and severally, unconditionally hereby guarantees to Landford the payment and performance of and agrees to pay all rent and other sums due and to perform as a primary obligor all liabilities, obligations and duties (including, but not limited to, payment of rent) imposed upon Tenant under the terms of the Lease, as if the undersigned had executed the Lease as Tenant thereunder, during the full term of the Lease, including extension, renewal and hold-over periods, if any. Guarantor shall indemnify and save harmless Landlord from any loss, damage or expense, including without limitation, reasonable attorney's fees arising out of the failure by Tenant to pay rent or other sums due or to perform its liabilities, obligations, and duties under the Lease.
- 2. The undersigned hereby waives notice of acceptance of this Guaranty and all other notices in connection herewith or in connection with the liabilities, obligations and duties guaranteed hereby, including notice of default by Tenant under the Lease, and waives diligence, presentment and suit on the part of Landlord in the enforcement of any liability, obligation or duty guaranteed hereby.
- This is a guaranty of payment and the undersigned further agrees that Landlord shall not be first required to enforce against Tenant or any other person any liability, obligation or duty guaranteed hereby before seeking enforcement thereof against the undersigned, and this Guaranty shall be enforceable against the undersigned without regard to whether or not such liability, obligation or duty is enforceable against the Tenant. Suit may be brought and maintained against the undersigned by Landlord to enforce any liability, obligation or duty guaranteed hereby without joinder of Tenant or any other person. The liability of the undersigned shall not be affected by (a) any indulgence, waiver, compromise, settlement or variation of terms which may be extended to Tenant by Landlord or agreed upon by Landlord and Tenant, (b) any consent(s) of Landlord of any matter or thing relating to the Lease, (c) by any termination of the Lease, (d) any defense of Tenant, (e) the cessation from any cause whatsoever of the liability of Tenant, or (f) by any release of any undersigned Guarantor(s) or any other guarantors. Landlord and Tenant, without notice to or consent by the undersigned, may at any time and from time to time enter into such modifications, extensions, amendments or other covenants, respecting the Lease as they may deem appropriate and the undersigned shall not be released thereby, but shall continue to be fully liable to Landlord for the payment and performance of all liabilities, obligations and duties of Tenant under the Lease as so modified, extended or amended.
- 4. The undersigned acknowledges that one of the principal purposes of this Guaranty is to protect Landlord in the event of any bankruptcy or insolvency of Tenant. Accordingly, notwithstanding anything to the contrary contained in this Guaranty, in the event the Lease is rejected (or otherwise terminated) in any bankruptcy proceedings under the Federal Bankruptcy Code, as amended, or any other state or federal law pertaining to bankruptcy, insolvency, reorganization or other matters affecting creditor's rights in general, whether current or enacted after the date of this Guaranty, or Tenant is otherwise released from liability under the Lease in any such proceedings, such rejection, termination of the Lease or other release from Tenant from liability under the Lease shall not release or affect the liability of the undersigned to pay and perform as primary obligor all liabilities, obligations and duties (including, but not limited to payment of rent) imposed upon Tenant under the terms of the Lease.

- 5. The undersigned agrees that if Landlord shall employ counsel to present, enforce or defend any or all of Landlord's rights or remedies hereunder, or defend any action brought by any guarantor, then, in any such event, the undersigned shall pay any attorneys fees and expenses incurred by Landlord.
- (A) Guarantor: (a) waives any right of subrogation against Tenant and any right of contribution from any other guarantor(s) by reason of any payments or acts of performance by Guarantor, in compliance with the obligations of Guarantor under this Guaranty; (b) waives any other right that Guarantor may have against Tenant by reason of any one or more payments or acts in compliance with the obligations of Guarantor under this Guaranty; and (c) subordinates any liability or indebtedness of Tenant held by Guarantor to the obligations of Tenant to Landlord under the Lease.
- (B) This Guaranty (a) will apply to the Lease, any extension or renewal of the Lease, any holdover term following the term of the Lease, or any such extension or renewal, and (b) shall be governed by the laws of the State of Tennessee.
- (C) This Guaranty may not be changed, modified, discharged or terminated orally or in any manner other than by any agreement in writing signed by Guarantor and Landlord.
- (D) Guarantor consents to any assignment of this Guaranty by Landlord. No assignment nor any assignment or sublease by Tenant, with or without the consent of Landlord, shall operate to extinguish or diminish the liability of the undersigned. This Guaranty shall be binding upon and intere to the benefit of Landlord and the undersigned and their respective heirs, successors and assigns.

In the event this Guaranty is executed by more than one individual, it is understood and agreed that each individual shall be bound by all the provisions of this Guaranty as if each individual were the only person executing this Guaranty.

Tu peliman
Lee Schwartzberg, Guarantor
funt Jan-
Kurt Tauer, Guarantor
OloBula
Alva Weir, III, Guarantor
benfor muheller
Benton Wheeler Guaranton
Guy Photofoulos, Guaranter
Linda Smiley, Guarantor
74
, Guarantor
Guarantor
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STATE OF TENNESSEE COUNTY OF SHELBY

On this 27th day of July			, 1999, personally appeared Lee Schwartzberg, Kurt						
Тацег,	Alva	Weir,	III,		Wheeler,	Gцу	Photopulus,	Linda	Smiley and
persons the sam	described e as their	d in and free act	who ex	secuted the	foregoing i	nstrume	nt, and acknow	, to me kr vledged the	nown to be the at they executed
Sec. N	WITNES '77/?'	Simy ha	nd and	seal, at of	fice this 2	7th day	of July	,1	999.
	nmission			7	y Public	of	77.00		
11/28	/99	CAPILES.			V				

NOV-18-42 ||:|3 | FROM-REID EVENSKY Ard After Recording Please Return To:

Reid D. Evensky, Esquire Reid D. Evensky, P.C. 850 Ridge Lake Blvd., Suite 200 Memphis, Tennasses 38120

#### MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE is hereby made and entered into this 1st day of August , 2002, by and between

BOYLE NORTH-WEST., L.L.C., a Tennessee Limited Liability Company

(hereinafter called "Landlord")

and

WEST PARTNERS, LLC, a Tennessee Limited Liability Company

(hereinafter called "Tenant");

#### WITNESSETH:

WHEREAS, Landlord and Tenant have entered into and executed a certain Lease Agreement dated July 27, 1999 (hereinafter called "Lease"), whereby, subject to the conditions set forth therein, Landlord has agreed to lease to Tenant, and Tenant has agreed to lease from Landlord, the Premises describing certain real property in Shelby County, Tennessee, being more particularly described in Exhibit "A", which is attached hereto and incorporated herein by this reference and including the improvements constructed thereon and certain common, parking and landscape areas, collectively therein called the "Project"; and

WHEREAS, Landlord and Tenant have entered into a First Amendment to Lease Agreement dated August 10, 1999 (herein the "First Amendment"), affecting the Tenant Improvement Allowance as described in the Lease and provided Tenant by Landlord; and

WHEREAS, Landlord and Tenant have entered into a Second Amendment to Lease Agreement dated May 7, 2001 (herein the "Second Amendment"), affecting certain additional economic considerations between Landlord and Tenant; and

WHEREAS, it has been determined in accordance with the provisions of the Lease, as amended by the First Amendment and Second Amendment that April 1, 2001 is the Commencement Date of the initial term of this Lease; and

WHEREAS, Landlord and Tenant desire that notice of the existence of the Lease, as amended, be contained in the public records for Shelby County, Tennessee.

NOW, THEREFORE, pursuant to the provisions of the Lease, Landlord and Tenant hereby acknowledge as follows:

- I. Landlord has granted, bargained, sold and conveyed unto Tenant a leasehold interest in the Project for a term of twenty-five (25) years commencing April 1, 2001, and expiring on March 31, 2026.
  - Lessee shall use the Project for any lawful purposes.
- The Lease shall be binding upon Landlord and Tenant, and their respective successors, helic and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Lease on the day and date first above written.

LESSOR: BOYLE NORTH-WEST, LLC.

D);

Name:

(typed or printed)

Title

Executive Manager

LESSEE:

WEST PARTNERS, LLC,

A Tennessee Limited Liability Company

Ruc

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(hyper) a resistant

the di brillied

Title: 1

-2-

STATE OF TENNESSEE COUNTY OF SHELBY

0 3/ (

Before me, Andrew a Notary Public in and for the State and County aforesaid, personally appeared Andrew with whom I am personally acquainted, (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged Anself to be the a corporation, and that he as such a corporation, and that he as such the containing by Anself as Effective Management Contained, by signing the name of the containing by Anself as Effective Management Contained.

LIBTE

STATE OF TENNESSEE COUNTY OF SHELBY

Before me, Linda Horn, a Notary Public in and for the State and County aforesaid, personally appeared Kurr W. Tauce, with whom I am personally acquainted, for proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged him self to be the mescaler of wast Partners LLC, a corporation, and that he as such executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by haself as Ireside:

TARY PUBLIC

My Commission Expires Dec. 20, 2008.

H:1/1-tearling/Vestrusmae/v.ease/v/earnonandum

EXHIBIT "A"

TO

#### MEMORANDUM OF LEASE

SURVEY OF PART OF PARCEL 1, HUMPHREYS CENTER, P.C. AS RECORDED IN PLAT BOOK 113, PAGE 43, IN THE SHELBY COUNTY REGISTER'S OFFICE AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT IN THE CENTERLINE OF HUMPHREY'S BOULEVARD (68.00 R.O.W.) SAID POINT BEING LOCATED NORTHWARDLY ALONG SAID CENTERLINE A DISTANCE OF 910.46 FEET FROM THE INTERSECTION OF SAID CENTERLINE AND THE NORTH LINE OF WALNUT GROVE ROAD; THENCE NORTH 01 DEGREES 53 MINUTES 25 SECONDS WEST A DISTANCE OF 34.00 FEET TO A SET IRON PIN IN THE NORTH LINE OF SAID HUMPHREY'S BOULEVARD SAID IRON PIN BEING THE POINT OF BEGINNING FOR THE PROPERTY DESCRIBED HEREIN; THENCE SOUTHWESTWARDLY ALONG SAID NORTH LINE ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 878.63 FEET, A CHORD BEARING OF SOUTH 84 DEGREES 07 MINUTES 12 SECONDS WEST, A CHORD DISTANCE OF 119.68 FEET, AND AN ARC LENGTH OF 119.77 FEET TO A POINT OF TANGENCY; THENCE CONTINUING ALONG SAID NORTH LINE SOUTH BO DEGREES 07 MINUTES 33 SECONDS WEST A DISTANCE OF 113.99 FEET TO A POINT OF CURVATURE; THENCE NORTHWESTWARDLY ALONG SAID NORTH LINE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 416.00 FEET, A CHORD BEARING OF NORTH 72 DEGREES 24 MINUTES 33 SECONDS WEST, A CHORD DISTANCE OF 383.72 FEET, AND AN ARC LENGTH OF 398.82 FEET TO A POINT; THENCE NORTH 04 DEGREES 39 MINUTES 40 SECONDS EAST A DISTANCE OF 406.38 FEET TO A POINT IN THE NORTH LINE OF THE CRABB DRUFF PROPERTY AS RECORDED IN INSTRUMENT NUMBER Z2 9037 IN SAID REGISTER'S OFFICE; THENCE SOUTH 85 DEGREES 20 MINUTES 20 SECONDS EAST ALONG SAID NORTH LINE A DISTANCE OF 351.20 FEET TO A SET IRON PIN BEING THE SOUTHEAST CORNER OF SAID CRABB DRUFF PROPERTY, THENCE SOUTH 43 DEGREES 36 MINUTES 50 SECONDS EAST A DISTANCE OF 289.64 FEET TO A SET IRON PIN; THENCE SOUTH 01 DEGREES 53 MINUTES 25 SECONDS EAST A DISTANCE OF 244.58 FEET TO THE POINT OF BEGINNING AND CONTAINING 254,922 SQUARE FEET OR 5.852 ACRES OF LAND.



# Tom Leatherwood Shelby County Register

As evidenced by the instrument number shown below, this document has been recorded as a permanent record in the archives of the Office of the Shelby County Register.

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180 N. Main St., Suite.519 ~ Mamphis, Tenmesses 38103

#### FIRST AMENDMEN'I TO LEASE AGREEMENT

This First Amendment is made and entered into this 10th day of <u>August</u>, 1999, by and between Boyle North-West, L.L.C., a Tennessee limited liability company ("Landlord") and West Partners, LLC, a Tennessee limited liability company ("Tenant").

WHERHAS, the parties entered into that certain Lease Agreement on the \_\_\_\_ day of April, 1999 (the 'Lease'); and

WHEREAS, the parties now desire to amend certain provisions of the Lease.

NOW, THEREFORE, in consideration of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Section 5.18 of the Lease is deleted in its entirety and a Section 5.18 is hereby agreed upon by the parties:

#### 5.18 Tegant Improvement Allowance by Landlord.

Landlord agrees to provide a Tenant Improvement Allowance for the actual cost of improvements which become permanent fixtures as a part of the Premises. The maximum amount of Tenant Improvement Allowance shall be an amount equal to \$40.00 for actual costs per usable square foot of the entire approximately 52,359 square feet in the Premises. The Tenant Improvement Allowance shall be paid by Landlord to Tenant upon Landlord obtaining from the contractor (a) appropriate documentation substantiating the cost of the tenant improvements, including but not limited to invoices, receipts, and lien waivers and (b) completion of all or part of the Tenant improvements as Indicated on Exhibit "A" for which a Use and Occupancy Permit is granted. Landlord shall use reasonable efforts to obtain such documentation as soon as it is available.

Tenant agrees to complete Tenant Improvements of a minimum of approximately 35,000 square feet on or before the Commencement Date. Tenant shall have three years, after the Commencement Date to complete all of the 52, 359 usable square feet in the Building.

To the extent Tenant shall not have commenced any part of the balance of the Tenant improvements to the Premises within said three years, the Landlord may thereafter reduce the base rent by \$3.60 per useable aquare foot of the Premises not so improved and Landlord shall have no further Tenant Improvement Allowance obligation to Tenant. Upon Landlord's request, the parties agree to execute an Amendment ovidencing same.

Tenant shall pay all costs and expenses for the construction of the Tenant Improvements as indicated on Exhibit "A" in excess of the Tenant Improvement Allowance by Landlord (the "Excess") within ten (10) days after written demand therefor by Landlord accompanied by a statement in reasonable detail showing how such excess

111

was determine. Any amount for which the Tenant fit to reimburse the Landlord on demand shall a considered Additional Rent hereunces and may be added to any installment of Annual minimum Rent thereafter becoming due and Landlord shall have the same remedies for a default and such reimbursement as for a default in the payment of Annual Minimum Rent.

 In all other respects, the Lease as amended hereby shall remain in full force and affect as wrinen.

EXECUTED as of the day and date first shove written.

Boyle North-West, L.L.C., Landlord

By:

Title: Executive Manager

West Partneys, LLC, Terrant

By:

Title

#### SECOND AMENDMENT TO LEASE AGREEMENT

This Second Amendment to Lease Agreement is made and entered into as of the 7th day of May, 2001 (herein the "Effective Date"), by and between Boyle North-West, L.L.C., a Tennessee limited liability company ("Landlord"), West Partners, L.L.C., a Tennessee fimited liability company ("Tenant") and each of the undersigned Guarantors (collectively the "Guarantors").

WHEREAS, the parties entered into that certain Lease Agreement dated July 27, 1999, as amended by that certain First Amendment to Lease Agreement dated August 10, 1999, (collectively, the "Lease"); and

WHEREAS, the parties now desire to amend certain provisions of the Lease as hereinafter set forth; and

NOW, THEREFÖRE, in consideration of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

- 1. The Commencement Date is April 1, 2001.
- In Section 2.01, the Base Rent per month is established for the Commencement Date through the end of the fifth (5th) Lease Year as One Hundred Two Thousand Four Hundred Five and 48/100ths Dolfars (\$102,405.48) ("Base Rent"). The parties acknowledge and agree that 9,319 usable square feet (as identified on the attached Exhibit "A") of the Premises will not be completed by the Commencement Date (the "Incomplete Space"). Accordingly, the parties agree that the Base Rent shall be temporarily reduced by \$92.00 per day but shall increase proportionately as the Incomplete Space is completed. Landlord and Tenant mutually agree to modify Exhibit "A" in writing as the Incomplete Space is completed and increase the Base Rent up to \$102,405.48.

Therefore, the parties agree that the Base Rent beginning on the Commencement Date to the end of the fifth Lease Year shall be Ninety-Nine Thousand Six Hundred Forty-Five and 48/100ths Dollars (\$99,645.48), subject to increase as partial completion of the Incomplete Space occurs. As partial completion of the Incomplete Space occurs, the Base Rent shall increase based upon the percent completed and prorated for any partial month. Upon completion of the Incomplete Space, the Base Rent shall be One Hundred Two Thousand Four Hundred Five and 48/100ths Dollars (\$102,405.48) (\*Base Rent") through the end of the fifth (5th) Lease Year. Tenant agrees to pay the above applicable Base Rent beginning on the Commencement Date for a Lease Term of twenty-five (25) years as increased as provided above and in Article 1, Section 2.01 and 2.02 of the Lease.

3. The parties agree to add the following section to the Lease:

Supplemental Rent.

- 2.04. As of the Effective Date hereof, Tenant agrees to pay supplemental Rent to Landlord in the amount of \$93,835.00.
- The parties have attached hereto a revised Exhibit "B" the effect of which corrects the legal description for the real property upon which the Building is constructed.
- In connection with the Lease, a certain Guaranty of Lease dated as of July 27, 1999 was executed and delivered by the undersigned Guarantors. As evidenced by the signatures below, the Guarantors, collectively and individually, join in this Second Amendment to Lease Agreement for purposes of extending the guaranties contemplated by the Guaranty of Lease Agreement, as amended by this Second Amendment to Lease Agreement.

In all other respects, the Lease as previously amended hereby shall remain in full force and effect as written.

EXECUTED as of the day and date first above written.

Witness: Tthanky K

LANDLORD:

Boyle North-West, L.L.C. A Tennessee Limited Liability Company

Ву:

Title

TENANT:

Witness: Suda V. Ovan

West Partners, L.L.C. A Tennessee Limited Liability Company

8v:

Title: Projekt

GUARANTORS:

Lee Schwartzberg

Kurt Tauer

Alva Weir, III

Benton Wheeler

Guy Photopulos

Linda Smiley

# STATE OF TENNESSEE COUNTY OF SHELBY

Before me, the undersigned, Notary Public of the State and County aforesaid personally appeared here is with whom I am personally acquainted, or made known to me as the person described in and who executed the loregoing instrument and acknowledged himself to the County of Boyle North-West, L.L.C., a Tennessee Limited Liability Company, the within named bargainor, and that he as such County being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as such
Witness my hand and Notarial Seal at office this day of the property of the pr
My Commission Expires: 315-05
STATE OF TENNESSEE COUNTY OF SHELBY
Before me, the undersigned, Notary Public of the State and County aforesaid personally appeared Les Schaurschufwith whom I am personally acquainted, or made known to me as the person described in and who executed the foregoing instrument and acknowledged himself to the Heschert of West Partners, L.L.C., a Tennossea Limited Liability Company, the within named bargainor, and that he as such being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as such
Witness my hand and Notarial Seal at office this add day of June 2002.
Luce V. Her
Notary Public

STATE OF TENNESSEE

Before me, a Notary Public in and for said State and County, duly commissioned and qualified, personally appeared LEE SCHWARTZBERG, KURT TAUER, ALVA WEIR, III, BENTON WHEELER, GUY PHOTOPULOS and LINDA SMILEY, to me known to be the persons described in and who executed the same as their free act and deed.

Witness my hand and Notarial Seaf at office this 2 day of Jaco 2002.

Notary Public

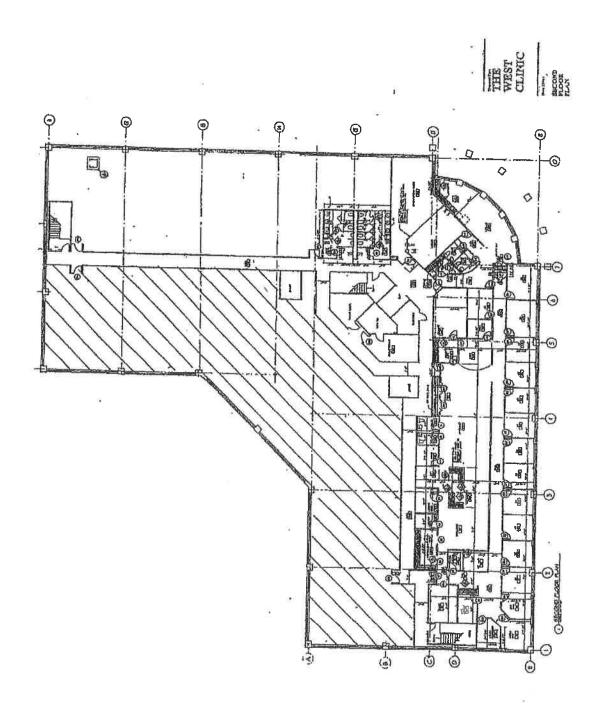
My Commission Expires: My Commission Expires Dec. 20, 2007.

My Commission Expires: My Commission Expires Dec. 20, 2006.

Exhibit "A"

to Second Amendment to Lease Agreement dated May 7, 2001 between Boyle North-West, L.L.C. ("Landlord") and West Partners, L.L.C. ("Tenant")

Floor Plan of 9,319 sf space



#### Cxhibit "B"

to Second Amendment to Lease Agreement dated Mny 7, 2001 between Boyle North-West, L.L.C. ("Laudlord") and West Partners, L.L.C. ("Tenant")

# PROPERTY DESCRIPTION

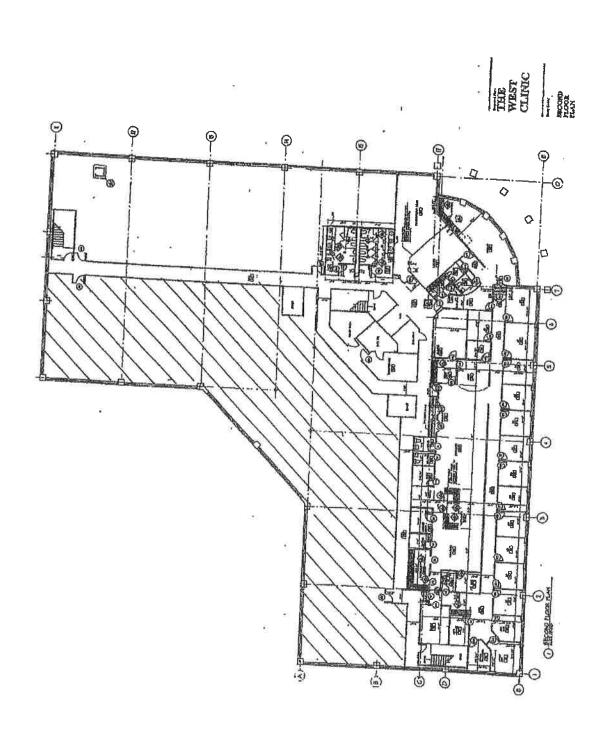
SURVEY OF PART OF PARCEL I & 2, HUMPHREY'S CENTER P.D., AS RECORDED IN PLAT BOOK 192 PAGE 22, BEING THE BOYLE NORTH-WEST L.L.C. PROPERTY AS RECORDED IN INSTRUMENT NUMBER IR 9367 BOTH ON RECORD IN THE SHELBY COUNTY REGISTER'S OFFICE AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT IN THE CENTERLINE OF HUMPHREY'S BOULEVARD (68.00' R.O.W.), SAID POINT BEING LOCATED NORTHWARDLY ALONG SAID CENTERLINE A DISTANCE OF 910.46 FEET FROM THE INTERSECTION OF SAID CENTERLINE AND THE NORTH LINE OF WALNUT GROVE ROAD; THENCE NORTH 01 DEGREES 53 MINUTES 25 SECONDS WEST A DISTANCE OF 34.00 FEET TO A FOUND IRON PIN IN THE NORTH LINE OF SAID HUMPHREY'S BOULEVARD, SAID IRON PIN BEING THE POINT OF BEGINNING FOR THE PROPERTY DESCRIBED HEREIN; THENCE SOUTHWESTWARDLY ALONG SAID NORTH LINE, ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 878.63 FEET, A CHORD BEARING OF SOUTH 84 DEGREES 07 MINUTES 12 SECONDS WEST, A CHORD DISTANCE OF 119.68 FEET, AND AN ARC LENGTH OF 119.77 FEET TO A POINT OF TANGENCY; THENCE CONTINUING ALONG SAID NORTH LINE SOUTH 80 DEGREES 07 MINUTES 33 SECONDS WEST A DISTANCE OF 113.99 FEET TO A POINT OF CURVATURE; THENCE NORTHWESTWARDLY ALONG SAID NORTH LINE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 416.00 FEET, A CHORD BEARING OF NORTH 72 DEGREES 24 MINUTES 33 SECONDS WEST, A CHORD DISTANCE OF 383.72 FEET, AND AN ARC LENGTH OF 398.82 FEET TO A FOUND IRON PIN; THENCE NORTH 04 DEGREES 39 MINUTES 40 SECONDS EAST A DISTANCE OF 406.38 FEET TO A POINT IN THE SOUTH LINE OF THE CRABB DRUFF PROPERTY AS RECORDED IN INSTRUMENT NUMBER ZZ 9037, IN SAID REGISTER'S OFFICE; THENCE SOUTH 85 DEGREES 20 MINUTES 20 SECONDS EAST ALONG SAID SOUTH LINE A DISTANCE OF 351.20 FEET TO A FOUND IRON PIN BEING THE SOUTHEAST CORNER OF SAID CRABB DRUFF PROPERTY; THENCE SOUTH 43 DEGREES 36 MINUTES 50 SECONDS EAST A DISTANCE OF 289.64 FEET TO A FOUND IRON PIN; THENCE SOUTH 01 DEGREES 53 MINUTES 25 SECONDS EAST A DISTANCE OF 244.58 FEET TO THE POINT OF BEGINNING AND CONTAINING 254,922 SQUARE FEET OR 5.852

## Exhibit "A"

to Second Amendment to Lease Agreement dated May 7, 2001 between Boyle North-West, L.L.C. ("Landlord") and West Partners, L.L.C. ("Tenant")

Floor Plan of 9,319 sf space



#### Exhibit "B"

to Second Amendment to Lease Agreement dated May 7, 2001 between Boyle North-West, L.L.C. ("Landlord") and West Partners, L.L.C. ("Tenant")

# PROPERTY DESCRIPTION

SURVEY OF PART OF PARCEL 1 & 2, HUMPHREY'S CENTER P.D., AS RECORDED IN PLAT BOOK 192 PAGE 22, BEING THE BOYLE NORTH-WEST L.L.C. PROPERTY AS RECORDED IN INSTRUMENT NUMBER JR 9367 BOTH ON RECORD IN THE SHELBY COUNTY REGISTER'S OFFICE AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT IN THE CENTERLINE OF HUMPHREY'S BOULEVARD (68.00' R.O.W.), SAID POINT BEING LOCATED NORTHWARDLY ALONG SAID CENTERLINE A DISTANCE OF 910.46 FEET FROM THE INTERSECTION OF SAID CENTERLINE AND THE NORTH LINE OF WALNUT GROVE ROAD; THENCE NORTH 01 DEGREES 53 MINUTES 25 SECONDS WEST A DISTANCE OF 34.00 FEET TO A FOUND IRON PIN IN THE NORTH LINE OF SAID HUMPHREY'S BOULEVARD, SAID IRON PIN BEING THE POINT OF BEGINNING FOR THE PROPERTY DESCRIBED HEREIN; THENCE SOUTHWESTWARDLY ALONG SAID NORTH LINE, ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 878.63 FEET, A CHORD BEARING OF SOUTH 84 DEGREES 07 MINUTES 12 SECONDS WEST, A CHORD DISTANCE OF 119.68 FEET, AND AN ARC LENGTH OF 119.77 FEET TO A POINT OF TANGENCY; THENCE CONTINUING ALONG SAID NORTH LINE SOUTH 80 DEGREES 07 MINUTES 33 SECONDS WEST A DISTANCE OF 113.99 FEET TO A POINT OF CURVATURE; THENCE NORTHWESTWARDLY ALONG SAID NORTH LINE ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 416.00 FEET, A CHORD BEARING OF NORTH 72 DEGREES 24 MINUTES 33 SECONDS WEST, A CHORD DISTANCE OF 383.72 FEET, AND AN ARC LENGTH OF 398.82 FEET TO A FOUND IRON PIN; THENCE NORTH 04 DEGREES 39 MINUTES 40 SECONDS EAST A DISTANCE OF 406.38 FEET TO A POINT IN THE SOUTH LINE OF THE CRABB DRUFF PROPERTY AS RECORDED IN INSTRUMENT NUMBER Z2 9037, IN SAID REGISTER'S OFFICE; THENCE SOUTH 85 DEGREES 20 MINUTES 20 SECONDS EAST ALONG SAID SOUTH LINE A DISTANCE OF 351.20 FEET TO A FOUND IRON PIN BEING THE SOUTHEAST CORNER OF SAID CRABB DRUFF PROPERTY; THENCE SOUTH 43 DEGREES 36 MINUTES 50 SECONDS EAST A DISTANCE OF 289.64 FEET TO A FOUND IRON PIN; THENCE SOUTH 01 DEGREES 53 MINUTES 25 SECONDS EAST A DISTANCE OF 244.58 FEET TO THE POINT OF BEGINNING AND CONTAINING 254,922 SQUARE PEET OR 5.852 ACRES OF LAND.

# B: II (E) FDA Certificate

510(k) Premarket Notification Vantage Titan<sup>TM</sup>

## 510(k) SUMMARY

1. **DEVICE NAME:** 

Magnetic Resonance Diagnostic Device Accessory

Model Name:

MRT-1504/S3

Trade/Proprietary Name:

Vantage Titan

JAN 22 2008

2. ESTABLISHMENT REGISTRATION: 2020563

3. U.S. Agent Name and Address:

Toshiba America Medical Systems, Inc.

2441 Michelle Drive

Tustin, Ca 92780

**Contact Person:** 

Paul Biggins

(714) 730 - 5000

4. Manufacturing Site:

**TOSHIBA CORPORATION** 

MEDICAL SYSTEMS COMPANY

1385 Shimoishigami

Otawara-shi, Tochigi 324-8550, Japan

5. DATE OF SUBMISSION:

December 19, 2007

#### 6. DEVICE DESCRIPTION

The Vantage Titan (Model MRT 1504/S3) is a 1.5 Tesla Magnetic Resonance Imaging (MRI) System. The Vantage Titan uses the same magnet as the other Vantage MRI Systems. It includes the Toshiba Pianissimo™ technology (scan noise reduction technology), and has a 1.4 m short magnet. The design of the gradient coil and the WB coil of the Vantage Titan provides the maximum field of view of 55 x 55 x 50 cm.

The Vantage Titan MRI System is comparable to the current EXCELART Vantage Atlas-X MRI System (K063361), cleared November 21, 2006 with the following modifications.

- Gantry bore diameter has been increased from 600mm to 690mm at bore center.
- Maximum power of RF amplifier has been increased from 20KW to 35KW.
- RF amplifier cabinet has been added.
- Gradient power supply has been modified to increase the output current from 300A to 550A.
- Transformer cabinet has been modified to cover the system power requirement.

# 6.1. SUMMARY OF MAJOR HARDWARE CHANGES

- a. Gradient coil has been modified to increased the inside diameter.
- b. WB coil has been modified to increased the inside diameter.
- c. Maximum power of RF amplifier has been increased from 20KW to 35KW.
- d. RF amplifier cabinet has been added.
- e. Gradient power supply has been modified to increase the output current from 300A to 550A.
- f. Transformer cabinet has been modified to cover the system power requirement.

# 6.2. SUMMARY OF MAJOR SOFTWARE CHANGES

- a. New RF amplifier cabinet control.
- b. New gradient power supply control.
- c. Add the over temperature protection inside the gantry bore.
- d. Modified the data base for distortion correction for new gradient coil.
- e. Modified the data base for SAR control for new WB coil.

7. SAFETY PARAMETERS

WHO WAS IN THE STATE OF THE STA	Current EXCELART Vantage Atlas-X (No changes from the previous submission, K063361)	New Vantage Titar	
a. Static field strength:	1.5 T	Same	
b. Peak and A-weighted acoustic noise:	110 dB (A-weighted)	Same	
c. Operational modes:	1 <sup>st</sup> operating mode for dB/dt and SAR	Same	
i. Safety parameter display:	SAR, dB/dt	Same	
<ul><li>ii. Operating mode access requirements;</li></ul>	Allows access to 1st level operating mode	Same	
d. Maximum SAR	4W/kg for whole body (1st operating mode specified in IEC 60601-2-33 (2002))	Same	
f. Maximum dB/dt	<1st operating mode specified in IEC 60601-2-33 (2002)	Same	
and Gradient coil dimensions:	692 x 893 x 1405 (unit: mm)	760 x 893 x 1405 (unit: mm)	
f. Potential emergency conditions and means provided for shutdown:	Shut down by Emergency Ramp Down Unit for collision hazard by ferromagnetic objects	Same	
g. Biocompatibility of materials:	Not applicable	Same	

Toshiba America Medical Systems, Inc.

510(k) Premarket Notification Vantage Titan<sup>TM</sup>

## 8. IMAGING PERFORMANCE PARAMETERS

No changes from the previous submission, K063361.

## 9. INTENDED USE

No changes from the previous submission, K063361.

## 10. EQUIVALENCY INFORMATION

Toshiba Medical Systems Corporation believes that the new Vantage Titan (model MRT-1504/S3) Magnetic Resonance Imaging (MRI) system is substantially equivalent to the current EXCELART Vantage Atlas-X (model MRT-1503/S3) (K063361) cleared on November 21, 2006.



JAN 22 2008

Food and Drug Administration 9200 Corporate Boulevard Rockville MD 20850

Toshiba America Medical Systems, Inc. % Mr. Mark Job Responsible Third Party Official Regulatory Technology Services LLC 1394 25<sup>th</sup> Street NW BUFFALO MN 55313

Re: K080038

Trade/Device Name: Vantage Titan Regulation Number: 21 CFR 892.1000

Regulation Name: Magnetic resonance diagnostic device

Regulatory Class: II Product Code: LNH Dated: January 4, 2008 Received: January 7, 2008

#### Dear Mr. Job:

We have reviewed your Section 510(k) premarket notification of intent to market the device referenced above and have determined the device is substantially equivalent (for the indications for use stated in the enclosure) to legally marketed predicate devices marketed in interstate commerce prior to May 28, 1796, the enactment date of the Medical Device Amendments, or to devices that have been reclassified in accordance with the provisions of the Federal Food, Drug, and Cosmetic act (Act) that do not require approval of a premarket approval application (PMA). You may, therefore, market the device, subject to the general controls provisions of the Act. The general controls provisions of the Act include requirements for annual registration, listing of devices, good manufacturing practice, labeling, and prohibitions against misbranding and adulteration.

If your device is classified (see above) into either class II (Special Controls) or class III (PMA), it may be subject to such additional controls. Existing major regulations affecting your device can be found in the <u>Code of Federal Regulations</u>, Title 21, Parts 800 to 898. In addition, FDA may publish further announcements concerning your device in the <u>Federal Register</u>.

Please be advised that FDA's issuance of a substantial equivalence determination does not mean that FDA has made a determination that your device complies with other requirements of the Act or any Federal statutes and regulations administered by other Federal agencies. You must comply with all the Act's requirements, including, but not limited to: registration and listing (21 CFR Part 807); labeling (21 CFR Part 801); good manufacturing practice requirements as set forth in the quality systems (QS) regulation (21 CFR Part 820); and if applicable, the electronic product radiation control provisions (Sections 531-542 of the Act); 21 CFR 1000-1050.

This letter will allow you to begin marketing your device as described in your Section 510(k) premarket notification. The FDA finding of substantial equivalence of your device to a legally marketed predicate device results in a classification for your device and thus, permits your device to proceed to the market.

If you desire specific advice for your device on our labeling regulation (21 CFR Part 801), please contact the Center for Devices and Radiological Health's (CDRH's) Office of Compliance at one of the following numbers, based on the regulation number at the top of this letter.

21 CFR 876.xxxx 21 CFR 884.xxxx 21 CFR 892.xxxx Other	(Gastroenterology/Renal/Urology) (Obstetrics/Gynecology) (Radiology)	240-276-0115 240-276-0115 240-276-0120
Опіст		240-276-0100

Also, please note the regulation entitled, "Misbranding by reference to premarket notification" (21CFR Part 807.97). For questions regarding postmarket surveillance, please contact CDRH's Office of Surveillance and Biometric's (OSB's) Division of Postmarket Surveillance at 240-276-3474. For questions regarding the reporting of device adverse events (Medical Device Reporting (MDR)), please contact the Division of Surveillance Systems at 240-276-3464. You may obtain other general information on your responsibilities under the Act from the Division of Small Manufacturers, International and Consumer Assistance at its toll-free number (800) 638-2041 or (240) 276-3150 or at its Internet address <a href="http://www.fda.gov/cdrh/industry/support/index.html">http://www.fda.gov/cdrh/industry/support/index.html</a>.

Sincerely yours,

Nancy C. Brogdon

Director, Division of Reproductive, Abdominal, and Radiological Devices

Office of Device Evaluation

Mancy C Brogdon

Center for Devices and Radiological Health

Enclosure

# **Indications for Use**

510(k) Number (if known):	K080038	7 )
Device Name: Vantage Titan		
Indications for Use:		
Imaging of:		a
neck, TMJ, heart, blood vo Cholangiopancreatograph	essels). [Applications), MR Cisternogr scopy, SAS (Surfa	, pelvis, limbs and extremities, spine, on terms include MRCP (MR raphy, MR Urography, MR ce Anatomy Scan), Dynamic Scan,
Fluid Visualization		
• 2D/3D Imaging		
MR Angiography / MR Va	ascular Imaging	
Blood Oxygenation Level	Dependent (BOL)	D) imaging
Perfusion / Diffusion Image	zing	
Proton Spectroscopy	*	3
	w w	
Prescription Use (Part 21 CFR 801Subpart D)	OR	Over-The-Counter Use(Part 21 CFR 801Subpart C)
· · · · · · · · · · · · · · · · · · ·	8	* N.,
(PLEASE DO NOT WRITE BELOV	W THIS LINE - CO NEEDED)	ONTINUE ON ANOTHER PAGE IF
Concurrence of CDR  Whay  (Division Sign-Off)	H, Office of Devi	ce Evaluation (ODE)
Division of Reproductive, Abdominal and	13	a a
Radiological Devices KO80038 510(k) Number	¥	

B: II(E)(3)
Equipment Vendor Quotes

# TOSHIBA

Leading Innovation >>>

#### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# **QUOTATION/ORDER ORDER SUMMARY**

SID NO:

30004918

PRESENTED TO: (COMPLETE LEGAL NAME)

DATE: 7/15/2013

QUOTE NO: 33330

**DELIVER TO:** 

LE BONHEUR CHILDRENS MEDICAL CENTER

**50 N DUNLAP** 

MEMPHIS, TN. 38103

LE BONHEUR CHILDRENS MEDICAL CENTER

**50 N DUNLAP** 

**MEMPHIS, TN. 38103** 

**EQUIPMENT SUMMARY:** 

TITAN.000

#### TITAN HIGH FIELD MRI SYSTEM

PRE-INSTALLATION KIT FOR TITAN

MRI SYSTEM MAGNET

TITAN SYSTEM ELECTRONICS WITHOUT **MAGNET** 

ASGC FOR TITAN X

WATER DISTRIBUTION PANEL

MEDIA FOR DVD-RAM DRIVE (9.4 GB)

(Qty 5)

GATING WAVEFORM LCD DISPLAY

TITAN 8-CHANNEL TO TITAN 16-CHANNEL RF ELECTRONICS (FACTORY

OPTION)

**16-CHANNEL RF ELECTRONICS** 

This quotation shall remain valid for 30 days (not to exceed 60 days) from date of submission. All prices are F.O.B. destination. Payment terms are: Cash - 10% down payment, 70% upon shipment, 20% net 30 days after shipment or upon availability for firs use by purchaser, whichever comes first.						
Additional terms and conditions appear at the end of Please return signed quotation to: Toshiba America M	Vital Software	License Agreement Required _				
ACCEPTED AGREED AND ORDERED:						
CUSTOMER REQUESTED DELIVERY DATE:	п	TOSHIBA REP/CONTACT	DATE			
PURCHASER'S SIGNATURE/TITLE	DATE	ZONE SALES MANAGER	– — DATE			



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LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 2 of 47

**EQUIPMENT SUMMARY: (continued)** 

MBODY PACKAGE

TITAN BODY COIL

**MVASCULAR PACKAGE** 

FREEZE FRAME PACKAGE FOR VANTAGE

NON-CONTRAST MRA AND SUPERFASE PACKAGE

MNEURO PACKAGE

BODY VISION AND DTI PACKAGE FOR VANTAGE

DIFFUSION TENSOR TRACTOGRAPHY APPLICATION

GATING PACKAGE - WIRELESS

WIRELESS CARDIAC GATING UNIT

WIRELESS PERIPHERAL / RESPIRATORY GATING PACKAGE

DICOM STORAGE COMMITMENT KIT

DICOM Q/R SCP UNIT

VIDEO FADER

CONSOLE DESK 65" X 36" X 30"

# TOSHIBA Leading Innovation >>>

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LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 3 of 47

SILENT SCAN STEREO AND INTERCOM SYSTEM

LCD MONITOR FOR ECG

ELECTRODE PADS (BOX OF 25) (Qty 2)

PATIENT PADS FOR SPINE AND EXTREMITY

**OVERHEAD CABLE INSTALLATION** 

**GANTRY LIGHTING OPTION** 

DRAKE HEAT EXCHANGER DUAL LOOP 460 FOR TITAN OR ATLAS Z

TEAL VOLTAGE REGULATOR FOR TITAN AND ATLAS, 480 V

4-CHANNEL FLEX SPEEDER COIL

16-CHANNEL FLEX SPEEDER MEDIUM COIL (Qty 2)

FLEX COIL POSITIONING PAD SET

OCTAVE HEAD SPEEDER COIL

OCTAVE HEAD SPEEDER COIL

TILTABLE OCTAVE HEAD COIL BASE

OCTAVE SPINE SPEEDER COIL

CONSOLE DESK 65" X 36" X 30"



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LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 4 of 47

**DIFFUSION TENSOR TRACTOGRAPHY APPLICATION** 

# QUOTATION/ORDER ORDER DETAIL

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SID NO:

30004918

7/15/2013 **QUOTE NO: 33330** 

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 5 of 47

## **Special Information & Terms**

- This quotation/order will be subjected to the Agreement for Magnetic Resonance Imaging equipment products between HealthTrust Purchasing Group and Toshiba America Medical Systems, Inc., Reference contract no. 500348-2012
- Includes 12 month Service Warranty.

#### TITAN.000

## TITAN HIGH FIELD MRI SYSTEM

Fast, powerful and easy to use, Vantage Titan provides patients with the most comfortable, non-claustrophobic MR imaging environment available in the market. Titan combines diagnostic versatility with streamlined workflow, from routine examinations to whole-body scans and MRA from head-to-toe, including Toshiba's proprietary non-contrast techniques.

#### Highlights include:

- Open-bore technology with a 71 cm patient aperture, designed to reduce claustrophobia and increase patient comfort
- The speed and image quality of Integrated Coil Solutions
- The unsurpassed technology of the world's highest homogeneity ultra-short-bore magnet

The system's large clinical field-of-view (FOV) - 55x55x50 cm - produces high-quality images without compromising homogeneity or overall imaging performance. Only Toshiba offers a 55-cm field of view with a 1.49-meter magnet.

Titan simplifies patient repositioning while still allowing excellent image quality, featuring Integrated Coil Technology that uses up to 128 elements simultaneously, a moveable spine coil, wide-area coverage and extended table travel that enables feet-first imaging.



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Page 6 of 47

Toshiba's proprietary non-contrast MRA techniques, now in their fourth generation, minimize risk to patients while delivering superb images. The new M-Power state-of-the-art user interface is designed to maximize ease-ofuse and efficiency.

Vantage Titan offers a scalable solution to meet any customer's clinical needs with the highest level of patient comfort and diagnostic capability all in one package.

#### KEY COMPONENTS

- Magnet with actively shielded gradient coil (34 mT/m, SR 148)
- Open bore featuring a 71 cm patient aperture
- 8-channel array electronics standard
  - Optional 16 RF Channel Kit MKPA-1506/S1
  - Optional 32 RF Channel Kit MKPA-1505/S1
- SPEEDER package, including high-speed reconstruction engine capable of 12,600 images/sec
- 9.4 GB DVD ROM drive
- Oxygen monitor and emergency run-down unit
- QD Titan whole body coil
- Patient monitoring camera and LCD display for the technologist
- Cardiac, peripheral and respiratory gating
- Pianissimo Plus imaging package
- UPS for Host Computer to prevent damage during power problems
- Accessories (positioning pads, arm rest, DVD media (set of five), and electrodes/ECG leads)

#### PERFORMANCE FEATURES

The system's integrated coils and enhanced speed combine with a digital-RF Xeon platform and high-performance gradients to enable a wide range of imaging techniques while providing unsurpassed flexibility and patient comfort.



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PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 7 of 47

#### **Patient Comfort**

Titan reaches a new level in patient comfort with its open-bore technology featuring a 71 cm patient aperture.

Titan's clinical efficiency also enhances the patient experience, with features that enable feet-first imaging and coil combinations that virtually eliminate the need for repositioning.

#### Pianissimo™ Noise Reduction System

Pianissimo noise-reduction technology, standard on all Titan systems, uses a unique vacuum-sealed chamber to dramatically reduce acoustic sound levels making patients more cooperative and comfortable. There is no compromise in image quality or speed of acquisition.

Pianissimo is always on – there is no user interaction required or special sequences that need to be selected.

## Pianissimo Plus Imaging Package

Imaging sequences designed to further reduce the already-quiet Pianissimo noise-reduction technology.

#### Lighting and Ventilation

- New track lighting inside the bore of the magnet provides a much brighter environment for the patient.
- Air vents have been positioned high on the rear of the magnet bore to provide increased airflow to the patient.



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LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 8 of 47

#### **Integrated Coils**

- 10 integrated coil ports to position multiple coils simultaneously
  - o Nine on the patient couch
  - o One on the magnet gantry
- Can accept up to 128 elements simultaneously
- Reduces the need to change coils between studies
- Integrated, moveable spine coil
- Integrated posterior head and neck array
- Light-weight for improved flexibility and patient comfort

#### **Extensive Coverage**

- Extended table travel option allows (205 cm) of table movement for greater flexibility
- Moveable spine coil to accommodate feet-first imaging
- Extended clinical field-of-view: 55x55x50 cm

#### Patient Call and Intercom System

- A hand switch enables the patient to signal an emergency during scanning.
- The integrated intercom system allows for the patient and operator to speak to each other.

#### **SPEEDER Package**

This parallel-imaging technology offers:

- Higher temporal resolutions for dynamic imaging
- Higher spatial resolutions for acquiring images in a shorter time

# TOSHIBA

Leading Innovation >>>

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

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LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 9 of 47

#### **IET Motion Correction Software**

JET imaging detects the amount of motion and corrects for the effect by acquiring k-space data in a radial trajectory. Data in the center of k-space is acquired multiple times during the scan to suppress motion artifact. Two kinds of motion, rotational and translational, are evaluated and corrected.

- Reduces motion artifact caused by physical movement as with acute stroke, uncooperative or pediatric patients
- Reduces motion artifact caused by physiologic motion, such as CSF flow and breathing
- Reduces respiratory artifacts for the shoulder and abdominal regions

#### mVox

- Allows isotropic, FSE, 3-D volume acquisitions, which can then be reformatted into multiple imaging planes to increase efficiency and reduce patient imaging time.
- Can be used with T2 and T2 FLAIR contrasts.

#### **Reconstruction Engine**

A high-speed computer that reduces reconstruction times in all imaging modes. Conventional images with a 256x256 matrix are reconstructed at a rate of 12,600 images/sec.

## **Conventional Pulse Sequences**

## SE (Spin Echo)

- Proton density
- T1 and T2 weighted contrast

## FE (Field Echo)

- Varied flip angle to optimize contrast and SNR
- Provides T1 and T2\* weighted images

#### IR (Inversion Recovery)

Generates desired contrast for STIR, FLAIR and T1 heavily weighted images.

# TOSHIBA Leading Innovation >>>

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PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 10 of 47

#### Fast Scan Sequences

### FastSE (Fast Spin Echo)

- Compatible with 2-DFT and 3-DFT
- Short and variable echo-train spacing available

## FastIR (Fast Inversion Recovery)

Enhances T1 contrast to a 2-DFT FastSE technique

#### FastFLAIR (Fluid Attenuated IR)

- Increases contrast between fluids and tissues such as CSF
- Shorter scan times than conventional IR

#### **FastSTIR**

- Suppresses fat signal with short TI
- Shorter scan times than conventional STIR

#### **FastFE**

- Provides T1 contrast with short scan times
- A useful breath-hold technique
- 2-DFT and 3-DFT applicable

#### Advanced Fast Scan Techniques

#### FASE (Fast Advanced Spin Echo):

An RF-refocused imaging technique that broadens clinical applications such as MRCP (MR cholangio-pancreatography), urography and myelography.

- Combined with half-Fourier imaging, reduces scan times dramatically
- Can be used with both 2-DFT and 3-DFT
- Provides high-contrast, T2-weighted images
- Large number of echoes
- Provides echo factors up to 512 or, with optional software, 1024

## TOSHIBA eading Innovation >>>

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LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 11 of 47

## EPI (Echo Planar Imaging):

Hybrid EPI that uses a combination of spin and gradient echoes in one acquisition to reduce SAR.

- Multiple echo-train lengths available
- SE-based techniques provide T2-weighted contrast while reducing SAR
- Multi-Shot EPI also included

### True SSFP (Steady State Free Precision):

- Rapidly obtains T1 or T2 weighted contrast images
- Well suited for tissues with longer T2 values
- 2-D and 3-D sequences included

### T2 Plus FastSE/FASE:

Provides reduced scan times, higher resolution capabilities and increased SNR by refocusing residual transverse magnetization back to longitudinal per TR with no compromise in T2 contrast.

### SSFP (Steady State Free Precision):

- Provides images with T1 or T2 weighted contrast
- Well-suited for CSF or synovial fluid imaging
- Can be applied in a 2-D or 3-D mode

## Advanced Pulse Sequences

- Digital RF capabilities provide precise phase control
- Suitable for T1-weighted sequences with short TR and TE

#### MR Fluoroscopy:

Continuously acquires and reconstructs data and displays the reconstructed image immediately.

#### **Real-Time Locator:**

Advanced application of MR Fluoroscopy, which acquires three planes to facilitate patient positioning.

# QUOTATION/ORDER **ORDER DETAIL**

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LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP **MEMPHIS, TN. 38103** 

Page 12 of 47

## Vascular Imaging Techniques

Fine vascular structures are visualized with various innovative techniques.

- 2-D Time-of-Flight (TOF)
- 3-D TOF
- Multi-slab 3-D TOF
- Multi coverage separates large 3-D TOF slabs to minimize saturation of blood in fine distal vessels
- 3-D FE and 3-D FastFE for contrast-enhanced MRA applications
- SORS-STC (Slice Selective Off-Resonance Sync Pulse Saturation Transfer Contrast) - applies Magnetization Transfer Contrast (MTC) pulse to individual slices, resulting in a more robust magnetization transfer technique
- ISCE (Inclined Slab for Contrast Enhancement) increases vessel detail by using variable flip-angle RF pulses with 3-D TOF to enhance the contrast from blood flow throughout the volume
- 2-D phase shift (PS)
- Cine 2-D PS used with cardiac gating unit for cine imaging
- Flow quantification measures blood flow velocity using cine 2-D **PS**

and cardiac gating

- 3-D PS
- BEST (Blood Vessel Enhancement by Selective Suppression Technique) - a post-processing algorithm to selectively enhance small-vessel detail and suppress background tissue

#### Fat Free Imaging

Coupled with Vantage's superior homogeneity, various sequences provide uniform and consistent fat suppression over the imaging area. Sequences include:

- STIR
- Fast STIR
- WFOP (Water/Fat Opposed Phase) a Spin Echo technique that acquires signals from water and fat as they go in and out of phase

# TOSHIBA Leading Innovation >>>

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SID NO:

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**QUOTE NO: 33330** 

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 13 of 47

- MSOFT (Multislice, Off-Resonance, Fat-Suppression Technique) a
  Toshiba exclusive for fat suppression using a slice-selective, offset
  RF pulse for each slice
- PASTA (Polarity Altered Spectral and Spatial Selective Acquisition) – a water-excitation technique for FSE and SE fatsignal suppression
- DIET (Dual Interval Echo Train) reduces bright, fat signal in Fast Spin Echo sequences by varying inter-echo spacing

#### **Cardiac Gating Package**

Acquires ECG data to identify the cardiac cycle during scan acquisition. Multislice/single-phase and single-slice/multi-phase modes can be used. The unit consists of:

- Gating manager
- LCD monitor
- Patient lead wire
- ECG electrodes
- Set of connection cables
- Set of accessories
- Operator's manual

#### **Respiratory Gating Package**

Compensates for motion artifacts caused by patient breathing and chest movement. Monitors respiratory motion and transmits the signal through the cardiac gating electronics. The package consists of:

- Respiratory sense box
- Air bag and belt
- Set of accessories
- Operator's manual

## QUOTATION/ORDER ORDER DETAIL

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DATE:

SID NO:

30004918

**QUOTE NO: 33330** 

7/15/2013

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP **MEMPHIS, TN. 38103** 

Page 14 of 47

Peripheral Pulse Gating Package

Used to synchronize slice data with the patient's cardiac cycle when imaging. Monitors pulse from the patient's finger and sends the signal to the scanner through the cardiac gating unit electronics. The package consists of:

- Pulse-wave, pick-up sensor with 1.5 m optical fiber
- Set of accessories
- Operator's manual

## M-Power Productivity Features

Titan 1.5T employs the new M-Power interface designed for intuitive scanning, enabling even those with less experience to operate the system without difficulty.

Created with universal design concept to be user-friendly, reduce operator stress and facilitate efficient workflow.

New image-processing engine provides:

- 3-D image processing and color-fusion processing
- Flexible support for clinical application software

The software is designed to facilitate easy integration in the widest variety of network environments for patient registration, scan planning, image review, and filming and archiving for maximum efficiency and productivity.

- High-resolution, 24", LCD color monitor with display matrix of 1,280x1,024 with 256 B/W gradation levels
- Calendar for advanced patient scheduling and registration
- DICOM-compliant to facilitate easy integration with other network environments
- Pre-programmed protocols accessed by a mouse-click over an anatomical icon, this integrated smart software eliminates guesswork and provides clinical flexibility and productivity



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50 N DUNLAP MEMPHIS, TN. 38103

Page 15 of 47

- Graphic scan planning easy-to-understand graphics and prompts to quickly plan subsequent exams and input last-minute sequenceparameter selections on all three orthogonal planes
- Image selector displays visual table of contents for quick and simple image display of complete studies
- Batch MIP and CINE display while continuing other functions
- Extensive post-processing algorithms for image enhancement
- Two-way patient intercom system
- Patient monitoring camera and LCD display for the technologist

## **GENERAL HARDWARE DESCRIPTION**

## 1.5T Self-Shielded, Open, Ultra-Short-Bore Magnet

A combination of passive and auto-active shimming provides optimum homogeneity and uniformity for maximizing imaging results.

- Homogeneity specified at 2 ppm (guaranteed value) or less over 50 cm DSV (50x50x50 cm) using a 24-plane plot VRMS method.
- 71 cm patient opening and 1.49-meter magnet ensure maximum patient comfort and accessibility.
- Productivity features such as scan start, localizers and couch control are incorporated on both sides of the bore.

#### **Patient Couch**

Atlas features a coil solution integrated into the couch for maximum patient comfort and increased technologist productivity. Couch also includes manual, automatic and emergency controls to facilitate patient handling for routine and extraordinary conditions.

- Nine coil ports are integrated into the patient couch; one additional port located on the magnet gantry
- Hydraulically controlled bed lowers to 16.5" (42 cm) from the floor
- Includes multiple couch mats and positioning pads for greater comfort
- Includes bilateral arm rests to facilitate injections
- Maximum patient weight of 440 lbs (550 lbs optional)



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30004918

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP **MEMPHIS, TN. 38103** 

Page 16 of 47

## Titan Gradient Subsystem

Precision and reliability are integrated into Toshiba's gradient subsystem.

- Powered with a 148 T/m/sec slew rate and 34 mT/m gradient strength.
- 229 ms rise time enables generation of complex gradient pulses.
- Maximized clinical performance with Toshiba's actively shielded gradient coil - virtually eliminates eddy currents from the magnet while maintaining gradient linearity.

## <u>Digital RF System</u>

Titan comes standard with a digital RF system with 8 RF channels supporting array acquisition. The digital transmitter provides the precise RF phase control needed to employ advanced pulse sequences. The highfrequency data sampling capability supports fast scan techniques.

## M-Power Computer System

Provides outstanding multi-tasking performance. Image reconstruction and advanced image processing are performed simultaneously with scanning to increase exam productivity. The system includes network connectivity for expandability.

## **Host Computer Includes:**

- Intel® Xeon<sup>TM</sup> 6-core 12 CPU system
- Clock speed: 2.4 GHz or more
- 2 hard disk drives
- 12 GB or more of main memory
- 300 GB hard drive for system use (unformatted storage)
- 600 GB hard drive for image data (unformatted storage)
- Stores approximately 1,120,000 images (256x256 images)
- 32-bit CPU
- 256 MB memory capacity

# TOSHIBA Leading Innovation >>>

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LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 17 of 47

## **Reconstruction System**

- 6-core dual-processors system
- Reconstruction speeds up to 12,600 images/second (256x256,FFT)
- Simultaneous image reconstruction during scanning
- Reconstruction matrix up to 1,024x1,024
- Main memory capacity: 12 GB or more
- 3.5TB hard disk drive (unformatted storage)

#### **DVD Drive Unit**

- 9.4 GB storage capacity (unformatted storage)
- Up to 44,000 saved-image capacity (256x256 images)

#### **Connection With External Devices**

- Ethernet interface (1000BASE-T)
- DICOM 3.0

### **Auto Voice Package**

Provides pre-recorded patient instructions to use during scan acquisition. Messages can be edited and re-recorded by the operator.

### **Networking DICOM Licenses**

#### **DICOM Basic License**

Provides the basis for DICOM on the MRI system.

#### **DICOM MWM Modality Worklist Management**

Allows the scanner to manually or automatically pull work orders scheduled on RIS from Broker.

Note: RIS Broker is not included.

#### DICOM Print Service Class User (SCU)

This provides a connection to a DICOM-compliant Service Class Provider (SCP) laser camera or film imager.



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SID NO: 30004918

E: 7/15/2013 QUOTE NO: 33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 18 of 47

## **DICOM Storage Service Class User (SCU)**

This allows the MRI scanner to push images out to multiple destinations on a network which is connected to the scanner.

## **Image Maker Express Marketing Support**

The Image Maker Express is a marketing support online resource designed exclusively for Toshiba customers that helps you create outreach programs to generate awareness about your imaging services.

- Includes positioning and messaging guides to help you strategize your communications efforts and tactics.
- Contains product information, ready-to-use collaterals and ideas for creating custom materials to promote your new imaging capabilities.

Image Maker Express gives you access to:

- Product images
- Clinical images
- PowerPoint presentations
- Sample brochures
- Sample press releases
- Marketing strategy tutorials
- Updates at <u>www.imagemaker.toshiba.com/express</u>

#### APPLICATIONS SUPPORT

Each system includes three phases of operator training.

**Phase I:** Two vouchers for a one-week intensive course at the Toshiba Education Center in Irvine, California.

- One technologist must attend prior to system installation
- Travel expenses included
- The second voucher is valid for six months following installation
- Additional vouchers available for \$3,500

<sup>\*</sup>Offerings may vary per product



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LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 19 of 47

Phase II: Two weeks of on-site training at the customer's facility.

- For one to four technologists
- Covers operation of the complete system including set up of customized scan protocols

Phase III: On-site training to follow up on questions, review key areas and address requests for advanced imaging procedures.

- 32 hours of training
- Four to six weeks after the initial training
- For one to four technologists

#### **Performance Pro**

Performance Pro is a custom program created to offer a unique approach to education, focusing on achieving technical proficiency and optimal productivity. The program includes the following:

- A planning meeting at your facility with Toshiba's MRI
   Applications Manager. The purpose of the meeting is to discuss
   objectives and timing, and to explain Toshiba's custom approach.
   During the meeting the manager also will ensure that the following
   takes place:
  - Review Toshiba's New Customer Education Guide (what to expect and how to plan and prepare).
  - Introduce the Toshiba Three Phase Education Program and the role of the Toshiba Education Center.
  - Co-develop a custom training program based on the facility's specific needs and ensure it is well documented for execution.



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Page 20 of 47

- A trained Applications Specialist will be assigned ownership of the education experience for the facility. They will perform the following duties:
  - Participate in planning meetings with the project team to address any training issues in a proactive fashion.
  - Communicate with the facility prior to the turnover date to ensure everything is on track and all questions or concerns are addressed.
  - Ensure all materials (training manuals and learning aids) are on site at the time of the go-live date.
- A Quality Installation Checklist developed by Toshiba's service team and physicists will be used to ensure all system requirements have been met and the scanner is working properly and yielding good image quality.
- A Clinical Evaluation will be conducted by a National Clinical Support specialist prior to the turnover to ensure the system is ready for go-live date. The specialist will communicate approval to the Applications Manager, the assigned Applications Specialist, the Account Executive and the Service Team.
- Consistent on-site service support during the turnover.
- The Toshiba Education Center will properly train and prepare the core trainers to perform their role with the most advanced education approach in the industry.
- Toshiba will send two Application Specialists to the turnover. One will work with technologists for two consecutive weeks (the assigned Applications Specialist) and the other will work with physicians for one week to achieve desired image quality.



# QUOTATION/ORDER ORDER DETAIL

DATE: 7/15/2013

SID NO:

30004918

QUOTE NO: 33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 21 of 47

- At the start of the turnover, Toshiba will begin with a presentation for the staff and referring physicians to highlight system capabilities and generate excitement.
- Performance Pro is a blended learning approach and includes prerequisites and additional accredited CE courses for the clinical staff.

A special visit will be conducted by National Clinical Support Specialist four to six weeks after turnover to check protocols and image quality. The specialist will be available to meet with physicians and technologists to answer all questions.

## Additional On-Site Training

Additional On-site training available for purchase.

#### InTouch Center®

This centralized service facility provides applications and service support for Titan 1.5T customers 24 hours a day, seven days a week.

#### <u>InnerVision</u>™ <u>Plus</u>

Remote system diagnostics are available around-the-clock to help identify problems and provide potential solutions before care is interrupted or an engineer can arrive.

## **InTouch Agreements**

Based on customer needs, InTouch customer agreements can range from an a-la-carte approach to full-security agreements that provide complete system protection.

#### **Technical Assistance**

Customer support specialists are available 24/7 to help resolve technical issues in real time. Application support specialists are also available to assist staff with protocol and image-quality issues.



## QUOTATION/ORDER ORDER DETAIL

DATE:

7/15/2013

SID NO:

30004918

QUOTE NO: 33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 22 of 47

## **Service Support**

#### **Local Customer Teams**

A single call mobilizes a local team of Toshiba customer engineers. With an average of 10 years of Toshiba experience and 105 hours of specialized training, they can resolve almost any performance issue.

### **Parts Support**

A complete inventory of Titan 1.5T product parts is ready for shipment when and where they are needed, any time of day or night.

## **Installation**

Toshiba's installation coordinator and Atlas site planning guide are made available to facilitate site planning. All installation and standard rigging costs are included.

Note: RF Shielding and RF Room are not included or provided by Toshiba



## QUOTATION/ORDER ORDER DETAIL

DATE:

7/15/2013

SID NO:

30004918

QUOTE NO: 33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 23 of 47

#### COMPONENT SUMMARY:

#### PRE-INSTALLATION KIT FOR TITAN

**MRI SYSTEM MAGNET** 

#### TITAN SYSTEM ELECTRONICS WITHOUT MAGNET

#### **ASGC FOR TITAN X**

#### WATER DISTRIBUTION PANEL

This custom-designed manifold standardizes on-site plumbing for all Toshiba MRI systems. It distributes chilled water to all MRI processes, contains all required valves, flow meters, temperature gauges, and pressure gauges.

## MEDIA FOR DVD-RAM DRIVE (9.4 GB) (Qty 5)

9.4 GB Removable Cartridge Media for DVD-RAM Drive.

- Type 4, Double-sided
- 3x Speed

#### GATING WAVEFORM LCD DISPLAY

Displays physiological signals (ECG, respiration, peripheral). Mounted on the magnet front so a single operator can verify proper ECG lead placement from the magnet room.

#### **TITAN8-16CH.100**

# TITAN 8-CHANNEL TO TITAN 16-CHANNEL RF ELECTRONICS (FACTORY OPTION)

#### 16-CHANNEL RF ELECTRONICS

The 16-channel RF electronics kit includes the hardware and components to take the 8-channel to a 16-channel RF system.



## QUOTATION/ORDER ORDER DETAIL

DATE: 7/15/2013

SID NO:

30004918

013 QUOTE NO: 33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 24 of 47

#### **MBODY PACKAGE**

## MJAB-167A/P1

#### TITAN BODY COIL

## Titan 16 channel RF configuration

16-element array design is suitable for chest, cardiac, abdominal and pelvic studies with an extended field of view (EFOV) with 50 cm of coverage as well as optimal signal-to-noise ratio.

- Works with the Atlas Spine Coil to create a 32-element array.
- Combine with Atlas Head/Neck and Atlas Spine Coil or with two other body coils for full-body coverage.

## Titan 8 channel RF configuration

The body coil creates an 8 element array when combined with the integrated spine coil.

Note: Standard Atlas Body Coils cannot be used on the Titan system.

#### **MVASCULAR PACKAGE**

The M-Power mVascular Software Package contains pulse sequences and imaging functions to perform Contrast MRA, Dynamic Contrast MRA (Freeze Frame) and Contrast Free MRA exams.

MRA Software includes:

#### Visual Prep

Enables the technologist to begin scanning at the optimal time by observing the contrast medium as it flows to the target region. By using subtraction techniques, images can be displayed even more clearly and without signal inversion.



# QUOTATION/ORDER ORDER DETAIL

DATE:

7/15/2013

SID NO:

30004918

**QUOTE NO: 33330** 

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 25 of 47

- Other features of VisualPrep include:
- WB coil scanning:
  - o View the contrast flow using the WB coil while conducting the main scan with the optimal receive coil.
  - This includes all coils supporting the SPEEDER technique.
- Dynamic scan:
  - Execute VisualPrep at the start of the second segment and subtract images automatically in post-processing.
  - Acquire arterial phase images in the first segment and venous-phase images in the second.
- Moving Bed:
  - Specify in each stage of MovingBed.
  - Acquire images without contrast, then start contrast images at optimal time.
- Gated Scan: Image the heart in synchronization with cardiac contraction.

#### Moving Bed

Allows MRA to be performed over a wide range, such as from the chest or abdomen to the lower limbs, by moving the couch-top between scans.

- Set optimal couch-top slide distances according to the flow speed of the contrast.
- Use with VisualPrep to start scanning at the optimal time.
- Enable effective fat suppression by performing shimming acquisition semi-automatically in advance at each couch-top position.

#### **STAMD**

Depicts the spatial relationship between blood vessels more clearly by changing the slice range for MIP processing in a step-by-step manner.



## QUOTATION/ORDER ORDER DETAIL

DATE: 7

7/15/2013

SID NO:

30004918

QUOTE NO: 33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 26 of 47

## Dynamic Complex Data Subtraction

To prevent signal inversion in the blood vessels, perform subtraction between the dynamic images and the reference image that is acquired before contrast medium injection. Subtraction is available automatically after data acquisition is completed.

## Fat Suppression in FFE 3-D Swirl Encode Imaging

The increase in the scan time is minimized by applying the fat-saturation pulse most effectively.

#### FREEZE FRAME PACKAGE FOR VANTAGE

Differential Rate K-space Sampling (DRKS) provides an increase in temporal resolution without sacrificing scan resolution.

- Eliminates the need for bolus timing as multiple, high-resolution dynamic images are produced per scan.
- Uses a sophisticated method of sampling k-space by segmenting it into several parts, allowing centric segment data to be acquired more frequently.

### NON-CONTRAST MRA AND SUPERFASE PACKAGE

Provides pulse sequences effective for non-contrast vascular imaging, cardiac imaging and functions that expand the range of clinical applications.

#### Fresh Blood Imaging (FBI)

- Produces angiograms and venograms without the use of contrast.
- Combines ECG gating with (FASE) Fast Advanced Spin Echo pulse sequences.
- Acquires arterial and venous flow in one acquisition, which can be viewed together or separately using an automated subtraction technique.
- Integrated Atlas SPEEDER coil technology allows multiple consecutive stations to be imaged. These stations can be automatically stitched together, creating one large field-of-view image that depicts vasculature from above the femoral bifurcation to the feet.



## QUOTATION/ORDER ORDER DETAIL

DATE:

7/15/2013

SID NO:

30004918

**QUOTE NO: 33330** 

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 27 of 47

## Contrast-Free Improved Angiography (CIA) - Flow Spoiled FBI

- An extension of Fresh Blood Imaging using additional flow spoiler gradients to produce a stronger separation between arterial and venous flow signals.
- Uses a flow preparation scan to optimize the effectiveness of the Flow Spoiler pulses. This ensures that the optimal Flow Spoiler value is selected.
- The improved visualization of slower vascular flow is especially useful for diabetic patients with compromised circulation.

## Time-SLIP (Spatial Labeling Inversion Pulse)

- Based on Arterial Spin Labeling, uses a non-selective spatial inversion pulse, spatial tag pulses and natural blood as its own tracer.
- Applicable in multiple regions of the body for both hemodynamic velocity and vascular visualization.
- Especially useful for imaging complex vessels flowing in multiple directions, such as renal arteries, portal venous system and pulmonary arteries.
- Can be used as a non-contrast MRA option for the carotid arteries.

#### **TSA**

Non-contrast, time-resolved, head-and-neck blood flow using the Time-SLIP technique with variable BB-TI times.

#### Time-SLIP BB TI

Non-contrast vascular imaging of the abdomen and lung fields with Time-SLIP Optimization.

- Determines optimal BBTI in FASE imaging by varying the TI at regular intervals.
- Programmable parameters are the:
  - o Initial TI value (unit: lms)
  - o Interval (1 to 500 ms)
  - Number of repetitions (max 1000)



## QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE: 7/15/2013 **QUOTE NO: 33330** 

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP **MEMPHIS, TN. 38103** 

Page 28 of 47

## SPEED (Swap Phase Encode Extended Data Acquisition)

For non-contrast vascular imaging.

- Acquires two images with phase encode directions shifted by 90 degrees for the same slice in a single scan. Then combines the images using a composite MIP post-processing technique.
- The matrix and FOV scanning parameters are automatically set to square.
- Respiratory gating can be combined with cardiac gating or peripheralpulse gating.

### FASE BB (Black Blood)

Used for chest imaging to acquire cardiac and thoracic images with reduced blood-flow artifacts. Applies a black-blood pre-pulse to suppress the signals from blood flowing into the slice plane.

#### Sequential FASE

Multislice imaging of the heart and great vessels, useful for the sequential acquisition of different slice images in the same cardiac phase.

### TrueSSFP 2-D/3-D

- Rapidly obtains T2 or T1 contrast-weighted images.
- Suitable for imaging relatively longer T2 tissues and vascular structures during breath holds.
- Fat saturation is possible by dividing scans into multiple segments.

#### FSE/FASE T2 Plus

Reduces scan times and increases resolution with no loss of T2 contrast and SNR by promoting transverse magnetization recovery in FSE and FSE 2-D.

#### **FSE 3-D RealIR Head Imaging**

Obtains heavily T1-weighted FSE 3-D images in a shorter time.

#### FE 3-D SSFP

Used in neuro and orthopedic applications to acquire images with T2/T1 contrast in a shorter time.



# QUOTATION/ORDER ORDER DETAIL

DATE: 7/15/2013

SID NO:

30004918

**QUOTE NO: 333330** 

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 29 of 47

#### m-Vox

- Allows isotropic, FSE, 3-D volume acquisitions, which can then be reformatted into multiple imaging planes to increase efficiency and reduce patient imaging time.
- Can be used with T2 and T2 FLAIR contrasts.

#### MNEURO PACKAGE

 The mNeuro software package provides pulse sequences for diffusion imaging, perfusion imaging and fMRI (functional magnetic resonance imaging) as well as new imaging functions to expand the range of clinical applications.

#### **Diffusion Imaging**

Images can be acquired by enhancing diffusion water molecules in the body.

#### **EPI Diffusion**

- Isotropic diffusion-weighted images can be generated through calculations based on images acquired with MPG applied in the slice, readout or phase directions.
- Apparent diffusion coefficient images can be generated by calculation using two or more images acquired with different MPG levels. It is possible to specify this method before the start of the scan.

#### **BODY VISION AND DTI PACKAGE FOR VANTAGE**

#### DTI - Diffusion Tensor Imaging

Visualizes white-matter fibers running in a specific direction based on the diffusion anisotropy.



## QUOTATION/ORDER ORDER DETAIL

DATE:

SID !

SID NO: 30004918

TE: 7/15/2013 QUOTE NO: 33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 30 of 47

## The following can be calculated based on the acquired images:

- Amount of diffusion in each direction
- Degree of anisotropy
- Sum of diffusion factors

## Requires at least seven sets of diffusion-weighted images:

- One set must be without MPG (motion probing gradient)
- At least six sets must be with the MPG pulses applied in different directions (with 6 directions possible).

The information generated from the diffusion gradients can be used to calculate directional vector, which can be used to describe the trajectory of molecular motion. The fiber direction is indicated by the tensor's main linear trajectory (lamba1, lamba2 and lamba3).

## Post-Processing for Diffusion Tensor

- FA (Fraction Anisotropy) image shows the degree of diffusion anisotropy, and can be generated automatically after image acquisition.
- Lamba1, lamba2, lamba3 images (characteristic value images) are generated by converting these values from the diffusion tensor.

### **Perfusion Function (ASL)**

Generates perfusion-weighted images without contrast by labeling the blood with the RF pulse and using it as a tracer to obtain vascular or perfusion-weighted images.

Captures images of flow components entering the slice by eliminating the stationary tissues. This is done by subtracting the tagged image, which includes the labeled flow, from the control image.

### Functional Magnetic Resonance Imaging (fMRI)

Generates images of local areas in which the signal intensity increases when the patient is stimulated due to the BOLD and inflow effect.



# QUOTATION/ORDER ORDER DETAIL

DATE: 7/15/2013

SID NO: 30004918

QUOTE NO: 33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 31 of 47

Two series of images are acquired:

- When stimulation is applied to the patient
- When the patient is at rest

No contrast is needed because:

- Hemoglobin is used as a native contrast medium
- Cerebral function information is assumed from the changes in signal intensity

### **Multishot FE EPI**

- Single-shot EPI is modified by extending the ETS, which reduces the imaging time while ensuring the spatial resolution and SNR of a standard FE technique.
- The time required for T1 weighted-imaging of the abdomen is reduced while maintaining high-image contrast, spatial and temporal resolution.

## High b value

- Increases the contrast in diffusion-weighted images.
- The permissible maximum b value is 10000.
- An extended sampling time is used to improve the image quality.

#### **Diffusion for tissues with short T2**

- SE\_EPI sequences with 105ms TE or less is used for tissues with short T2.
- Two types of MPG pulse application methods are available:
  - o 3-Axis
  - o Tensor
- DTI license is required for the Tensor method.



## QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE: 7/15/2013 QUOTE NO: 33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER **50 N DUNLAP MEMPHIS, TN. 38103** 

Page 32 of 47

## Fat suppression

Three types of fat suppression methods are available:

- PASTA
- FatSAT (recommended for DWI of the head)
- IR

#### <u>SPEEDER</u>

Parallel imaging can be used with EPI to reduce distortion.

#### T1 weighted imaging for the abdomen

- Use the 3-DFT-EPI technique for higher data acquisition efficiency by increasing the number of phases for dynamic scanning or for reducing breath-hold time.
- The 3-DFT technique achieves resolution in the slice direction as high as 1mm.

## V-TRACE (Variable True Rate Angiography with Combined Encodings)

This head-imaging application acquires four image contrasts in one sequence, visualizing slow- and fast-velocity vessels together. V-TRACE is especially effective for visualizing collateral vessels, which are difficult to see with standard TOF imaging.

Combines the advantages of TOF and FSBB to produce MRA images that depict blood vessels with a wide range of flow velocities, making it ideal for head imaging.

This dual-echo 3-D FE sequence generates high-intensity vascular images in a scan time nearly equivalent to only TOF or FSBB.

- First echo acquired using standard TOF
- Second echo acquired using flow-sensitive black blood (FSBB) technique
- Echoes are combined using one of two subtraction methods:
  - Simple weighted subtraction (SWS) for thin slabs in the axial plane
  - Frequency weighted subtraction (FWS) for thick slabs in any plane

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## TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

## QUOTATION/ORDER ORDER DETAIL

DATE:

7/15/2013

SID NO:

30004918

ATE: 7/15

QUOTE NO: 33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 33 of 47

- Pulse sequence type: FE3-D\_hop
- Main contrast types:
  - o 3-D TOF
  - o FSBB
  - o T1W
  - o Combined 3-D TOF and FSBB
- Scanning plane:
  - o Axial
  - Coronal
  - Sagittal

V-TRACE does not employ an STC pulse for background suppression, therefore, the SAR does not increase, and the original TOF image can be used as a T1W 3-D image.

#### DIFFUSION TENSOR TRACTOGRAPHY APPLICATION

This application creates various types of diffusion maps and allows visualization of multiple white matter tracts based on the diffusion tensor imaging data.

- Isotropic DWI
- Isotropic ADC
- Mean B0
- ColorMap 1/2/3
- Lambda 1/2/3

## GATING-W/T.100

#### **GATING PACKAGE -- WIRELESS**

## WIRELESS CARDIAC GATING UNIT

Performs wireless ECG gating for cardiovascular MR examinations that require gating.



# QUOTATION/ORDER ORDER DETAIL

DATE:

7/15/2013

SID NO:

30004918

**QUOTE NO: 33330** 

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 34 of 47

## WIRELESS PERIPHERAL/RESPIRATORY GATING PACKAGE

Performs wireless peripheral and respiratory gating for cardiovascular, MRA and body MR examinations that require gating.

## DICOM STORAGE COMMITMENT KIT

Guarantees the receiver that another device has taken ownership of the images sent.

- Identifies that images have been sent to a destination
- Stores selected images on a DICOM-compliant server
- Obtains commitment to retain the images

Note: This is a single user license. A separate license must be ordered for each console.

#### DICOM Q/R SCP UNIT

Query and retrieve image data on the MR console from a network image server, such as PACS.

Note: This is a single user license. A separate license must be ordered for each console.

#### VIDEO FADER

## CONSOLE DESK 65" X 36" X 30"

Measures 65" x 36" x 30"



# QUOTATION/ORDER ORDER DETAIL

DATE:

7/15/2013

SID NO: 30004918

QUOTE NO: 33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 35 of 47

#### SILENT SCAN STEREO AND INTERCOM SYSTEM

Includes the following:

## **Patient Microphone**

Patient's headset has a built-in microphone for crystal-clear communication between technologist and patient. Coupled with Pianissimo technology, the patient will be heard, regardless of scan type or location within the MRI bore.

#### Patient Alarm System

A hand-held, rubber squeeze bulb for claustrophobic patients to trigger an audible alarm at the communication console.

### **Communication Console**

Includes a flexible, gooseneck microphone for effortless patient communication.

#### **Patient Comfort Music Headset**

Offers hearing protection and allows patients to relax to music, free from gradient noise. Careful matching of transducer characteristics and filter design provides remarkably clear music.

#### LCD MONITOR FOR ECG

**ELECTRODE PADS (BOX OF 25) (Qty 2)** 

#### PATIENT PADS FOR SPINE AND EXTREMITY

#### OVERHEAD CABLE INSTALLATION

Allows for overhead cable installation during scanner installation.

#### GANTRY LIGHTING OPTION

The ambient gantry lighting kit provides a soothing blue glow on the front cover of the magnet. Patients who see a bright friendly scanner will ultimately respond more positively and tolerate the scanning process more effectively.

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## TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

DATE:

7/15/2013

SID NO:

QUOTE NO: 33330

30004918

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 36 of 47

#### PACT78S3-T4-ZTM.001

## DRAKE HEAT EXCHANGER DUAL LOOP 460 FOR TITAN OR ATLAS Z

The Drake Dual Loop Chiller is composed of a base unit and the Indoor Heat Exchanger. The Indoor Heat Exchanger is supplied as standard equipment and is placed in the MRI equipment room. The base unit (chiller) is installed on the outside of the building, typically on a concrete pad. Advantages include ease of installation and a smaller footprint in the MRI equipment room. The chiller comes with a remote monitor that provides remote indications of chiller operation.

Note: The PACT78S3-T3-ZTM 208 Vac and PACT78S3-T4-ZTM 460 Vac chillers are designed to operate in ambient temperatures of -20F to 125° F.

#### **VRDUATLASTITANH**

## TEAL VOLTAGE REGULATOR FOR TITAN AND ATLAS, 480 V

The TEAL voltage regulator (VRDU) is a highly reliable, dual-conversion power conditioner. It is designed to address the vast majority of common power problems found in an imaging environment, thus providing clean regulated power and good grounding for optimal reliability and performance of MRI systems.

#### Power Conditioning

The VRDU contains a shielded, ultra-low impedance isolation transformer coupled with filtering and surge suppression to make a complete power conditioning package. The quality of power to the Toshiba MRI system is improved in many ways:

- The isolation transformer re-references the power line to the local ground point (with connection to local building steel), isolating the system from upstream, ground-quality problems.
- The transformer shield helps protect against ground impulses and noise ("common mode" disturbances).
- The sine wave tracking filter protects against both high-frequency noise and fast-voltage impulses ("normal mode" disturbances), clamping spikes and filling in notches.
- The surge suppressors protect against slower voltage impulses that have frequency below the filter cutoff.

# QUOTATION/ORDER ORDER DETAIL

DATE:

7/15/2013

SID NO:

30004918

QUOTE NO: 33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 37 of 47

## **Voltage Conversion**

Wiring costs are significantly reduced since the VRDU accepts a single, 480V delta input with code minimum ground, supplying 120/208V, 3-phase WYE to the generator and the various other parts of the system.

## **Distribution**

The VRDU comes prepackaged with distribution circuit breakers needed to feed the specific distribution breakers.

## **Control**

The VRDU includes a circuit breaker on the input (primary) control signal for remote, emergency off control of the circuit breaker.

## **Impedance Control**

The ultra-low impedance design of the isolation transformer helps ensure the power feed meets the low impedance requirement of today's MRI labs as spelled out in the Toshiba Optimal Power Specifications (TOPS) manuals.

#### **Approvals**

UL listing will reduce time and uncertainties in obtaining local electrical inspection approvals.

## MJAJ-197A/J1

#### 4-CHANNEL FLEX SPEEDER COIL

This versatile, 4 element coil's flexible design allows it to wrap around extremities, joints and a variety of other anatomical areas the user wishes to image.

# QUOTATION/ORDER ORDER DETAIL

DATE:

7/15/2013

SID NO:

30004918

QUOTE NO: 33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 38 of 47

## MJAJ-217A/S1

## 16-CHANNEL FLEX SPEEDER MEDIUM COIL (Qty 2)

The medium 16-element flexible coil is designed to be lightweight and easy to position for multiple clinical applications. The coil:

- Easily wraps around extremities, joints and a variety of other anatomical areas the user wishes to image
- Lies flat for long bone studies
- Combines with other integrated coils to create a posterior and anterior array for maximum contrast and spatial resolution
- Has a pre-amplifier located on it, so there's no extra box to deal with when positioning the coil on the patient

Note: On an 8-channel RF system this coil operates as an 8-element coil.

## MJCA-207A/S1

#### FLEX COIL POSITIONING PAD SET

The Flex Coil Positioning Pad Set contains positioning accessories for ankle, knee, elbow and other clinical applications. The pad set will facilitate in positioning the coil easily and reliably for optimal image quality.

### MJAH-167A.100

#### OCTAVE HEAD SPEEDER COIL

Combined head/neck coil has up to 11 elements, making it ideal for head, neck and neurovascular studies.

- This array coil is part of the Octave integrated coil design and can be used in combination with the Octave spine and body coils.
- Advanced coil technology permits the use of up to 11 coil elements for excellent coverage as well as high signal-to-noise ratio.
- Head coil base has seven elements enabling image acquisition without the anterior attachment for the most claustrophobic patients.
- Tiltable up to 15 degrees to accommodate kyphotic patients.

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## TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

## QUOTATION/ORDER ORDER DETAIL

DATE:

7/15/2013

SID NO:

QUOTE NO: 33330

30004918

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 39 of 47

#### TILTABLE OCTAVE HEAD COIL BASE

## MJAS-167A/S1

#### OCTAVE SPINE SPEEDER COIL

Feet-first positioning maximizes patient comfort and increases flexibility with this moveable, 12-element array suitable for spine studies with optimal signal-to-noise ratio. This coil is integrated into the patient table and can remain on the table for most exams.

NOV 13'13 AM11:02

- The spine coil can be positioned at either end of the table to accommodate feet first imaging.
- Works with the Atlas body coils to form the posterior elements of the array. Together the spine and body coils can be used for imaging the spine, abdomen, pelvis and lower extremities.

#### SK-03050-1KD

#### CONSOLE DESK 65" X 36" X 30"

Measures 65" x 36" x 30"

#### MSSW-DTT/S1

## DIFFUSION TENSOR TRACTOGRAPHY APPLICATION

This application creates various types of diffusion maps and allows visualization of multiple white matter tracts based on the diffusion tensor imaging data.

- Isotropic DWI
- Isotropic ADC
- Mean B0
- ColorMap 1/2/3
- Lambda 1/2/3

TOTAL QUOTE PRICE Applicable Sales Tax Additional

\$1,427,825.00



# QUOTATION/ORDER ORDER DETAIL

DATE:

7/15/2013

SID NO:

30004918

QUOTE NO: 33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 40 of 47

## **ADDENDUM**

ALL INFORMATION CONTAINED IN THIS QUOTATION IS CONFIDENTIAL AND MAY NOT BE DISCLOSED TO ANY THIRD PARTY WITHOUT TOSHIBA'S PRIOR WRITTEN CONSENT.

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## TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

## QUOTATION/ORDER ORDER DETAIL

DATE:

7/15/2013

SID NO:

30004918

**QUOTE NO: 33330** 

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 41 of 47

#### PRODUCT WARRANTY AND SERVICES COVERAGE

#### SYSTEM WARRANTY TERMS

Toshiba America Medical Systems, Inc. (TAMS) warrants to Customer that the product(s) to be delivered hereunder will be free from defects in material, manufacturing workmanship, and title. Any product or part furnished to Customer during the warranty period (stated in the table below) to correct a warranty failure shall be warranted to the extent of the unexpired term of the warranty applicable to the repaired or replaced product or part.

The warranty period shall commence on the date the Product is delivered to Customer. However, if TAMS installs the product, the warranty period for such product shall commence on the date the installation of the product is complete. Notwithstanding the foregoing, in the event that the installation of the product is delayed for a total of thirty (30) days or more from the date of delivery for any reasons for which TAMS is not responsible, the warranty period for such product may, at TAMS' option, commence on the thirtieth (30th) day from the date such product is delivered to Customer.

#### WARRANTY EXCLUSIONS

Warranty coverage does not include any defect which results, in whole or in part, from (1) negligent storage or handling of the product by Customer, its employees, agents, or contractors, (2) failure of Customer to prepare the site or provide power requirements or operating environmental conditions in compliance with any applicable instructions or recommendations of TAMS, (3) absence of any product, component, or accessory recommended by TAMS but omitted at Customer's direction, (4) any design, specification or instruction furnished by Customer, its employees, agents, or contractors, (5) any alteration of the product by persons other than TAMS, (6) combining TAMS' product with any product furnished by others, (7) combining incompatible products of TAMS, (8) improper use of the product, improper maintenance of the product by a party other than TAMS, or failure to comply with any applicable instructions or recommendations of TAMS, or (9) acts of God, acts of civil or military authority, fires, floods, strikes or other labor disturbances, war, riot, or other causes beyond the reasonable control of TAMS.

TAMS does not warrant any products not manufactured by Toshiba such as, without limitation, monitors, cameras, computer equipment, etc. Such items will be furnished subject only to the manufacturer's warranty, if any, and without any warranty whatsoever by Toshiba.

Warranty coverage also excludes consumables, including but not limited to cassettes, magazines, imaging screens, disks, cartridges, etc.

#### GLASSWARE WARRANTY

Glassware, including X-ray tubes and Image Intensifiers, are provided separate warranties. Glassware included with the purchase of a new system is governed by the glassware warranty, described below, not the system warranty.

CT X-ray tubes carry a prorated warranty based on the number of rotations shown below or 12 months, whichever comes first.

Tube Type	Prorated Warranty
CXB-750D/4A All Aquilion models except	200,000 rotations*
Premium, ONE and ONE VISION	
CXB-750E/2A - Aquilion Premium	150,000 rotations*
CXB-750E/2A - Aquilion ONE	150,000 rotations*
CXB-750F/2A - Aquilion ONE VISION	100,000 rotations*

<sup>\*</sup>A rotation is any 360-degree or single rotation of the gantry with X-rays on.

The following time-based warranty terms apply to all other glassware:

Tube Type	Time-Based Warranty	
Liquid Bearing Tubes (DSRX-TXXXX)	12 months, non-prorated	
All Other X-ray tubes	12 months, non-prorated	
Image Intensifiers	18 months, non-prorated	

#### GLASSWARE PRORATION CALCULATION:

Credits for glassware that fails during the warranty periods stated above will be calculated as follows:

Tubes with Prorated Rotation Warranty;

Credit = 1 - Number of Rotations Used

Number of Rotations

Warranted

Credit will be applied to the purchase of the replacement X-ray tube or Image Intensifier. Complete glassware coverage during warranty period may be purchased from the local services organization at an additional charge.

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## TOBHIBA AMERICA MEDICAL SYSTEMS, INC.

## QUOTATION/ORDER ORDER DETAIL

PRESENTED TO:

DATE: 7/15/2013

SID NO:

30004918

QUOTE NO: 33330

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 42 of 47

#### Tubes with Non-Prorated, Time-Based Warranty:

Tubes with a non-prorated warranty will be replaced during the initial warranty period at no charge to the customer. The replacement tube carries the remainder of the original warranty. For example, a tube with a 24-month non-prorated warranty fails at month thirteen (13), the tube is replaced at no charge and carries eleven (11) months of warranty.

#### REMEDIES

If TAMS determines that any product fails to meet any warranty during the applicable warranty period, TAMS shall correct any such failure by either, at its option, repairing, adjusting, or replacing without charge to Customer any defective or nonconforming parts of the product. TAMS shall have the option to furnish either new or remanufactured replacement parts or assemblies. During the warranty period, Toshiba will furnish free of charge any upgrades, including software required to correct any defect in the warranted products or as required under applicable laws.

#### WARRANTY SERVICE

Warranty service during the applicable warranty period will be performed without charge to Customer during TAMS' normal business hours, Monday through Friday, excluding holidays. Subject to the availability of personnel, after-hours service is available upon request at an additional charge.

The remedies set forth herein are conditional upon Customer promptly notifying TAMS within the applicable warranty period of any defect or nonconformance and making the product available for correction.

#### DISCLAIMERS AND LIMITATIONS ON LIABILITY

TAMS' obligation to repair or replace defective parts will be Customer's sole and exclusive remedy for a breach of the warranty set forth above. SUCH WARRANTY WILL BE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

In no event shall TAMS be liable for special, incidental or consequential damages. To shiba does not warrant that the operation of the warranted products will be uninterrupted.

#### WARRANTIES BY PRODUCT LINE

	COMPUTERIZED	MAGNETIC RESONANCE	PACS SYSTEMS	ULTRASOUND	X-RAY	X-RAY
	TOMOGRAPHY				VASCULAR	R/F & RAD
SYSTEMS AND MAJOR COMPONENTS	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months
ACCESSORY OPTIONS	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months
REPLACEMENT & OPTIONAL PARTS	90 Days	90 Days	90 Days	90 Days	90 Days	90 Days
UPGRADE COMPONENTS	90 Days	90 Days	N/A	12 Months	6 Months	6 Months
MISC. WARRANTY ITEMS	Detectors: Solid State 12 Months	N/A	N/A	Transducers: 12 Months	N/A	N/A

Leading Innovation >>>

## TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

DATE:

SID NO: 7/15/2013 QUOTE NO:

SID NO: 300

30004918

33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 43 of 47

#### **TERMS AND CONDITIONS OF SALE**

- 1. <u>GENERAL TERMS</u>. Unless otherwise specified on the face of this document, this Quotation/Order ("Agreement") will remain valid only if accepted by Customer no later than 60 days from date of submission to Customer.
- 2. TITLE AND RISK OF LOSS. Title and risk of loss to the Equipment purchased under this Agreement will pass to Customer: (a) if Toshiba is to provide installation, upon Toshiba's completion of installation, or (b) if Toshiba will not provide installation, upon delivery by Toshiba to a common carrier at Toshiba's facility from which the Equipment is shipped.
- 3. TERMS OF PAYMENT. Prices stated are F.O.B. Customer's facility. All taxes which are payable by Toshiba in connection with the sale, use, or possession of the Equipment (excluding income taxes), will be paid by Customer in addition to the quoted price. Terms of payment for, C.T., M.R.I, X-Ray, and the McKesson System will be cash-10% upon execution of this Agreement, 70% upon delivery, balance due upon completion of installation and/or availability for first use, whichever is earlier. Terms of payment for Ultrasound will be cash-10% upon execution of this Agreement, 90% NET upon completion of installation and/or availability for first use, whichever is earlier. All invoices paid after due date will be assessed a late payment charge of the lesser of 1 1/2% per month or the maximum rate permitted by law.
- 4. <u>DELAYS</u>. If Customer changes the scheduled delivery date specified on the face of this document ("Scheduled Delivery Date") during the period of 120 days preceding such date, Customer will nevertheless pay the installment of the purchase price which would have been payable upon delivery, on the Scheduled Delivery Date as if delivery had been made on such date. In addition, Customer will pay all extra costs incurred by Toshiba as a result of such delay, including, without limitation, storage and transportation. Storage fees will be charged at commercially comparable rates for storage on Toshiba's site. If delivery is delayed by 12 months or more from the Scheduled Delivery Date, except through the fault of Toshiba, the price set forth in this Agreement may be increased by Toshiba to a level equal to the prevailing price in effect at the time of the revised delivery date.
- 5. <u>ACCEPTANCE BY TOSHIBA</u>. This Quotation/Order will not be binding on Toshiba even if signed by a Toshiba employee, until Customer's order for the Equipment is booked by Toshiba's Headquarter office.

- 6. EQUIPMENT INSTALLATION. Toshiba will install all Equipment purchased under this Agreement and connect them to existing power and/or plumbing lines at no additional charge to Customer. Customer will be responsible for electrical wiring, plumbing, carpentry, plastering, painting, or all other site preparation required prior to installation and connection of the Equipment by Toshiba. Customer will provide space at the installation site for the safe storage of Toshiba's tools, test equipment and other materials used for installation at no charge to Toshiba. Customer shall, at its cost, obtain all permits and licenses required by governmental authorities in connection with the installation and operation of the Equipment. The Equipment may contain certain components, which may have been re-manufactured. However, such components will meet the manufacturer's specifications for new components as of the date of completion of installation. Customer acknowledges that the System and Software are designed to operate within certain power, temperature, airborne contamination, and humidity ranges. Customer will be responsible for, without limitation: (i) preparing and maintaining the Customer facility in conformance with the Site Preparation Guide; (ii) maintaining its network infrastructure; (iii) providing Toshiba, McKesson or its subcontractors access to a network connection in or near the area of the System being serviced by the equipment service staff; and (iv) supplying computer grade AC power. The Equipment relies upon a stable grounded connection to the main power grid in order to function effectively. Customer acknowledges that AC power supply quality may be a problem in old facilities or in those facilities receiving poor quality utility service and that power conditioning may be necessary in such cases.
- 7. EQUIPMENT OPERATION. Customer agrees that all Equipment purchased under this Agreement will be operated exclusively by duly qualified technicians and/or medical doctors in a safe and reasonable manner in accordance with Toshiba's written instructions, applicable laws and regulations, and for the purposes for which such Equipment was intended.
- 8. <u>LIMITED WARRANTY AND REMEDY</u>. A. For the Toshiba Equipment: For the warranty period described below by product, Toshiba, as its only obligation, will replace or repair, without charge to Customer during Toshiba's normal working hours (if Customer requests warranty service outside such hours, Customer will pay overtime premium for labor), any component of the Equipment that is defective in materials or workmanship, provided such defect is reported to Toshiba within the warranty period. Toshiba's warranty

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### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

DATE:

7/15/2013

SID NO:

30004918

QUOTE NO: 33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 44 of 47

period is as follows: (a) Systems and Major Components – one year from date of completion of installation; (b) Accessories/Options (except glassware) – six months from date of completion of installation. Components not manufactured by Toshiba will be furnished subject only to the manufacturer's warranty, if any, and without any warranty whatsoever by Toshiba. During the warranty period, Toshiba will furnish free of charge any upgrades, including software required to correct any defect in the Equipment or as required under applicable laws.

B. For the McKesson System: The McKesson System ("System") will be covered by a 12-month warranty beginning the date of completion of installation of the System (the "Warranty Period"). The warranty covers repair of any defects in materials or workmanship related to the computer equipment ("Equipment") that is included in the System purchased by Customer under this Agreement. The warranty also covers correction of any McKesson software ("Software") that does not conform with its functional specifications. In order to receive services during the Warranty Period, Customer must provide McKesson and Toshiba with remote access through a VPN. During the Warranty Period, Customer is entitled to (a) all Generally Available Software Updates except for Updates that are separately priced and marketed by Toshiba or McKesson, and (b) all Generally Available Software Upgrades, except for Upgrades that are separately priced and marketed by Toshiba or McKesson. "Software Updates" means Software modifications, enhancements, corrections, improvements, and patches to the existing functionality of Customer's licensed version of the McKesson Software (e.g., version 4.1 to 4.3 to 4.5). "Software Upgrades" means new versions and future releases of the McKesson Software (e.g. version 4.x, 5.x, 6.x). Software Updates or Upgrades that provide new features not originally purchased may be separately priced and marketed. Software Updates and Software Upgrades to the McKesson Software will be delivered remotely, on-line. The warranty does not include any non-McKesson Software, the labor and travel expenses associated with on-site installation of a Software, or any hardware addition or modification.

The warranty set forth in this Section will not apply:

- a. if Customer operates the Software on equipment other than Equipment purchased from Toshiba or attaches other equipment to the System not approved by Toshiba;
- if a person or entity other than McKesson or its authorized third party suppliers modifies the Software;
- c. as a result of Customer's improper use, abuse, neglect of the Equipment, including failure to maintain environmental conditions within the operating range specified by the Equipment

- manufacturer or accident;
- d. as a result of viruses or other corruption caused by external entities; or
- e. for damages resulting from a Force Majeure condition described in Section 13 below.
- The Following Applies to Both the Toshiba Equipment and the McKesson System: Toshiba does not warrant that the operation of the Equipment of the System will be uninterrupted. All defective parts replaced by Toshiba will become the property of Toshiba. Replacement parts may be re-manufactured. However, such parts will meet the manufacturer's specifications for new components as of the date of completion of installation. TOSHIBA'S OBLIGATION TO REPAIR OR REPLACE DEFECTIVE PARTS OR SOFTWARE WILL BE CUSTOMER'S SOLE AND EXCLUSIVE REMEDY FOR A BREACH OF THE WARRANTY SET FORTH IN THIS AGREEMENT. SUCH WARRANTY WILL BE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE WARRANTIES MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. The warranty set forth in this Agreement will not apply to, and Toshiba will not be liable for any defects resulting from misuse, repairs performed by unauthorized third parties, accidents, acts of God, or neglect of anyone other than Toshiba.
- 9. LIMITATION OF LIABILITY. NEITHER TOSHIBA NOR CUSTOMER WILL UNDER ANY CIRCUMSTANCES BE LIABLE CONSEQUENTIAL, SPECIAL, INCIDENTAL EXEMPLARY DAMAGES OR ECONOMIC LOSS ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT, EVEN IF EITHER PARTY IS APPRISED OF THE LIKELIHOOD OF SUCH DAMAGES OCCURRING. IN NO EVENT WILL EITHER PARTY'S LIABILITY TO THE OTHER (WHETHER BASED ON AN ACTION OR CLAIM IN CONTRACT, TORT, INCLUDING NEGLIGENCE, STRICT LIABILITY, OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT EXCEED THE AGGREGATE AMOUNT ACTUALLY PAID BY CUSTOMER TO TOSHIBA UNDER THIS AGREEMENT, THE LIMITATION OF LIABILITY SET FORTH ABOVE WILL NOT APPLY TO CLAIMS FOR PERSONAL INJURY OR PROPERTY DAMAGE CAUSED BY EQUIPMENT DEFECTS, OR TO CLAIMS FOR PATENT INFRINGEMENT.
- 10. <u>SECURITY INTEREST</u>. To shiba hereby reserves and Customer grants to To shiba a security interest pursuant to the Uniform Commercial Code, in and to the Equipment (and all products and proceeds of it) until full payment of the purchase price is received.

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## TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

DATE:

SID NO:

30004918

7/15/2013 QUOTE NO: 3

33330

PRESENTED TO:

LE BONHEUR CHILDRENS MEDICAL CENTER 50 N DUNLAP MEMPHIS, TN. 38103

Page 45 of 47

In the event that Customer finances its acquisition of the Equipment through a lease, conditional sale contract, secured loan agreement or other financing agreement (collectively, "Lease") with Toshiba, then the security interest in the Equipment (and all products and proceeds thereof) shall secure all obligations of Customer due and to become due under the Lease.

- 11. REMOVAL OF EQUIPMENT. Until Toshiba has received full payment of the purchase price, Customer will not remove all or any part of the Equipment from Customer's premises, nor will Customer sell, lease, transfer or otherwise part with the possession of, or permit any lien or encumbrance to be placed on all or any part of the Equipment.
- 12. REMEDIES OF TOSHIBA. If Customer fails to make any payment when due under this Agreement or under any other agreement between Customer and Toshiba, or becomes insolvent or makes an assignment for the benefit of creditors, or if a petition in Bankruptcy is filed by or against Customer, or if the financial responsibility of Customer becomes impaired or unsatisfactory in Toshiba's reasonable judgment, or if Customer otherwise breaches any of the terms and conditions of this Agreement, then Toshiba may, without prior notice or demand, defer shipments, cancel the balance of the order, suspend performance of any obligation (including without limitation, all obligations set forth under Limited Warranty And Remedy above), and/or take immediate possession of the Equipment delivered, until the full purchase price of the Equipment is paid by Customer or, at Toshiba's discretion, until security satisfactory to Toshiba is given by Customer. Any costs incurred by Toshiba as a result of suspending performance or repossession or collection will be payable by Customer. Toshiba may sell repossessed Equipment with proceeds to be applied to unpaid balance and expenses incurred in sale, repossession and collection. Customer will pay any remaining deficiency. Toshiba may exercise any other rights available to it by law.
- 13. EXCUSED PERFORMANCES. Neither party will be liable to the other for non-performance or delay in performance resulting directly or indirectly from any occurrences beyond such party's control, including without limitation, strikes or other labor troubles, acts of God, war, accidents, fires, floods, other catastrophes, inclement weather, transportation, unavailability of materials and labor, delays caused by suppliers, or laws, regulations, or acts of any governmental agency.

- 14. SOFTWARE. All rights and interest in any software that may be furnished under this Agreement, and any updates and enhancements to it, will remain the property of Toshiba. Such software is being furnished to Customer under a non-exclusive license. Customer will not, or allow others to decompile, modify, copy, reproduce, or transcribe the software nor allow third parties to use the same without Toshiba's prior written consent. Upon Toshiba's request, Customer will execute an End-User Software License Contract, in a form to be mutually agreed between the parties.
- 15. <u>CANCELLATION</u>. Customer may not cancel the order subject to this Agreement except with Toshiba's prior written consent. In the event of such cancellation, Toshiba will be entitled to recover any and all damages suffered by it caused by the cancellation as allowed by law, but in no event less than an amount equal to twenty percent (20%) of the purchase price for a restocking charge.
- 16. ASSIGNMENT. Neither party may assign any of its obligations under this Agreement without the prior written consent of the other party However, some of the obligations stated in this Agreement, such as the ones relating to installation of the McKesson System and warranty may be performed by Toshiba's contractors or suppliers.
- 17. EXPORT REGULATIONS. This Agreement involves products, and/or technical data that may be controlled under the U.S. Export Administration Regulations and may be subject to the approval of the U.S. Department of Commerce prior to export. Any export or reexport by Customer, directly or indirectly, in contravention of such Regulations is prohibited.
- 18. <u>A'TTORNEY'S FEES AND COSTS</u>. In the event of any legal proceeding involving any party to this Agreement against the other relating to the subject matter of this Agreement, the prevailing party in such proceeding will be entitled to recover attorney's fees, expert fees, and court costs against the non-prevailing party.
- 19. ENTIRE AGREEMENT. This quotation as well as the attached McKesson Pass Through Terms and Conditions contains the entire agreement between the parties and supersedes all prior and contemporaneous agreements between the parties, whether oral or written, relating to its subject matter, including, without limitation, all different or additional terms and conditions which may be contained in Customer's bid documents, purchase order or any other documents furnished by Customer. The provisions of this Agreement may not be modified unless in writing and executed by both parties.



# DRAKE REFRIGERATION INC.

Date of Quote:	Contact:	QUOTE#	33330/3000491 Fax#	
7/15/2013	LE BONHEUR CHILDRENS MEDICAL CENTER	1110.10	1 GOAT	
QUOTE SUBMITTED TO:				
Toshiba Ame	rica Medical Systems MRI Customer	NOTE	8	
		TAMS Atlas		
.IOI.	B SPECIFICATIONS	Titan		
30.	<u> </u>			
		R-4070	-	
Condension Black- d.	415 acc. =5	REFRIGER	KANI	
Condensing Method:	AIR COOLED	AU-U- 000/00	4001	
Application:	MRI COOLING	Available 208/230V or 460V Voltage needs to be specified on the chiller release form completed by th		
Design Amblent / Water: ( º F )				
Entering Fluid Temp: ( º F )	77.9			
_eaving Fluid Temp: ( º F )	65	site contractor, and fa		
Type Of Fluid To Circulate:	DISTILLED WATER	schedule the chille	er shipment.	
Fluid Flow Rate (GPM):	15 @ 72PSI		-	
Voltage / Phase / Cycle:	208-230 / 3 / 60 or 460 / 3 / 60			
BTUH Required:	90,000			
	:			
QUANTITY	MODEL - DESCRIPTION OF E	QUIPMENT	LIST PRICE	
1	PACT78S3		\$ 26,347.00	
1	ADDITIONAL 4 YEAR COMPRESSOR WARRA	INCLUDED		
1	2HP S.S. SYSTEM PUMP 15GPM @ 72PSI		INCLUDED	
1	DRAKE "CHILLERGUARD" INTERNET INTER	FACE DEVICE	INCLUDED	
1	MICROPROCESSOR CONTROLLER INCLUDI	NG:	INCLUDED	
	LOW FLOW INDICATOR			
	COMPRESSOR RUN INDICATOR			
	POWER ON AND FAULT INDICATOR			
	HIGH TEMP INDICATOR		<del></del>	
	WATER TEMP FREEZE THERMOSTAT			
<del></del>				
1	D500-803 FAN CYCLE CONTROL		INCLUDED	
	D500-405 TANK LOW LEVEL INDICATOR		INCLUDED	
1	SPARE FUSE HOLDER	INCLUDED		
1 -	D500-201 TANK SIGHT GLASS	INCLUDED		
	D500-843 REMOTE INDICATOR PANEL	INCLUDED		
	D503-104H HEATED RECEIVER / HEAD PRES	SURE	INCLUDED	
1	D500-866 INDOOR HEAT EXCHANGER / PUMP WITH 12 GALLON STAINLESS TANK, SIGHT GLASS, GROUNDED ANODE & DRAIN VALVE		INCLUDED	
1	5 GALLON BUCKET & CHILLER TANK FILL P	INCLUDED		
2	55 GAL DRUM PRE MIX 40% P. GLYCOL / WATER			
1	START UP/6MO PM/ 1 YEAR LIMITED WARRAI		INCLUDED	
I	Included (Continental US)	//j	\$ 4,500.00	
	The price for the chiller is already included			
	In the Toshlba order total – this quote does		0.000.000.000	
	not represent an additional cost.	Net Total	\$ 30,847.00	

PH (888) 289-7299 FX (215) 638-5518



## TERMS AND CONDITIONS OF SALE

1 Drake Refrigeration, Inc. ("Drake") will provide/deliver the product described in the attached Quotation. Installation will be the responsibility of Customer, and must be coordinated with the installation of the Toshiba Equipment purchased through the attached Toshiba Quotation. Once installed, Drake will inspect the product to evaluate its proper operation

#### 2. Warranty

- a. SERVICE PARTS- In warranty service parts will be invoiced pending receipt of the replaced parts previously authorized for return. After inspection of the replaced part at the factory, credit will be issued against the replacement parts providing the part was returned freight prepaid and that the part was free from abuse or misuse.
- **b. EQUIPMENT PARTS** -DRAKE REFRIGERATION, INC. WARRANTS TO THE ORIGINAL OWNER OF THE UNIT THAT THE EQUIPMENT WILL BE FREE FROM DEFECTS IN MATERIAL AND WORKMANSHIP FOR A PERIOD OF ONE YEAR FROM THE EFFECTIVE DATE OF THE WARRANTY.

The warranty begins on the date installation is completed in accordance with the installation instructions and site plans. Improper installation may suspend the warranty until such time as all installation errors are corrected. The company's obligation under this warranty is limited to the repair or replacement of any part that shows evidence of being defective in material and workmanship and are deemed so by Drake Refrigeration, Inc., during the one year period.

The Warranty includes parts and on site labor during normal business hours (M-P 8-5 excluding holidays). Overtime charges will apply to warranty service provided outside normal business hours.

THE COMPRESSOR ONLY WILL BE WARRANTED FOR AN ADDITIONAL FOUR YEARS (TOTAL FIVE YEARS) FROM THE EFFECTIVE DATE OF THE WARRANTY PROVIDED THE EXTENDED WARRANTY IS PURCHASED WITHIN THIRTY DAYS FROM THE EFFECTIVE DATE. The compressor warranty obligates Drake Refrigeration, Inc., to replace the compressor with a comparable compressor with equal capacity, free of charge. Drake Refrigeration, Inc. assumes no responsibility for refrigerant. Defective parts will be replaced provided notice of such defect was given by the original owner within the warranty period. Drake Refrigeration, Inc. reserves the right to replace in warranty defective parts from its factory. The warranty does not cover the cost to parts substituted by field service for original equipment parts not authorized by Drake Refrigeration, Inc. Any unauthorized substitution voids the warranty.

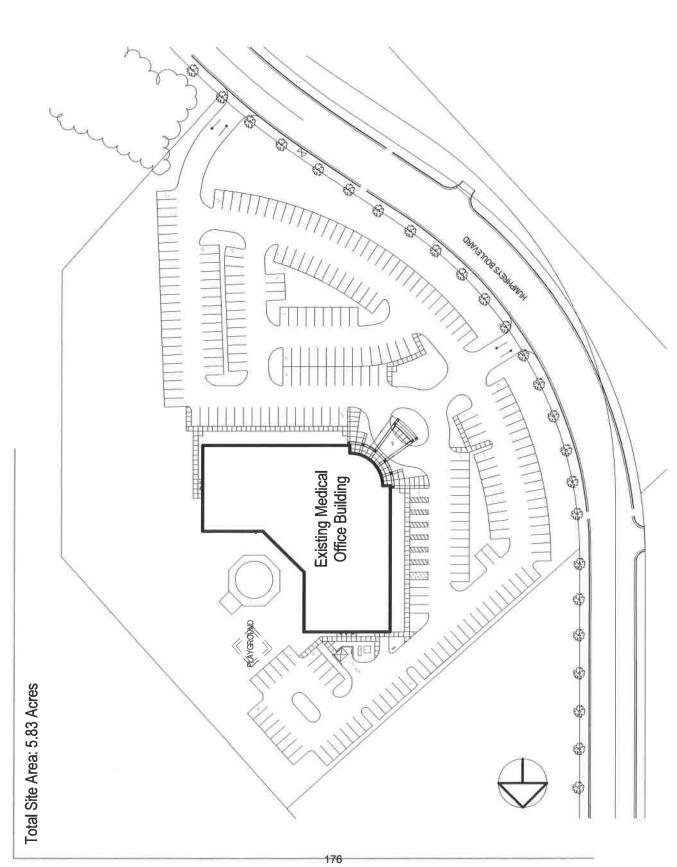
THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES. IN NO CASE WILL ANY CLAIM FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES BE APPROVED. THIS WARRANTY DOES NOT APPLY TO THE UNIT OR ANY PART THEREOF WHICH HAS BEEN SUBJECT TO DAMAGE DUE TO TRANSPORTATION.

## DRAKE REFRIGERATION, INC. D/B/A/ DRAKE INDUSTRIES

2900 Samuel Drive - Bensalem, PA 19020 - Ph (888)289-7299 Fx (215) 638-5518

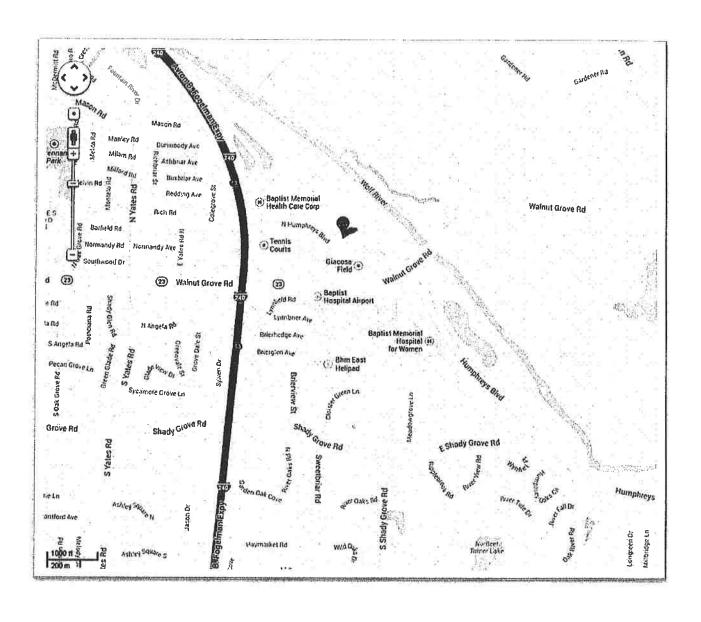
I accept the above Terms and Conditions of Sale with Drake Refrigeration Inc.
· · · · · · · · · · · · · · · · · · ·

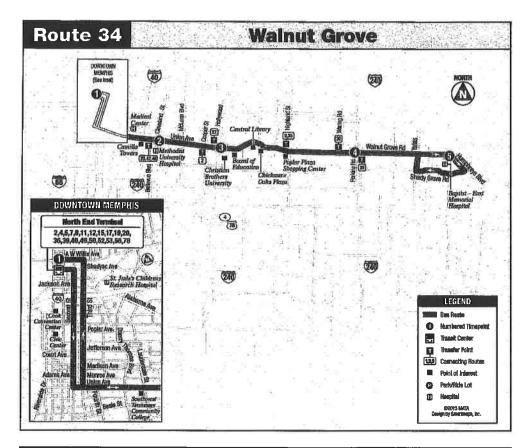
B: III (A) Plot Plan 11/06/13



healthcare

# B: III (B) Road Maps and Public Transportation Route



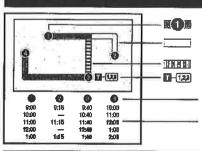


		MONDAY - FRIDAY	<ul> <li>OUTBOUND FROM</li> </ul>	M DOWNTOWN	
	() North	2 Union Ave	(3) Union Ave	4 Waltuut Grove	5 Humphreys Blvd
	End Terminal	et Cleveland St	at Hollywood	alt Perklins Rd	at Wainut Grove
\M	5:54	6:07	6:17	6:27	6:40
	6:40	6:53	7:03	7:13	7:26
	7:31	7:44	7:54	8:04	8:17
	6:17	8:30	8:40	8:50	9:03
	9:08	9:21	9:31	9:41	9:54
	10:45	10:58	11:08	11:18	11:31
'M'	12:25	12:38	12:48	12:58	1:11
	2:05	2:18	2:28	2:38	2:51
	2:50	3:03	3:13	3:23	3:36
	3:42	3:55	4:05	4:15	4:28
	4:27	4:40	4:50	5:00	5:13
	5:19	5:32	5:42	5:52	6:05

	MONDAY – FRIDAY • INBOUND TO DOWNTOWN							
	5 Humphreys Blvd at Walnut Grove	4 Walmut Grove at Perkins Rd	Union Ave at Hollywood	Union Ave at Cleveland St	North End Terminal			
AM	6:43	6:58	7:08	7:18	7:31			
	7;29	7:44	7:54	8:04	8:17			
	8:20	8:35	8:45	8:55	9:08			
	9:06	9:21	9:31	9:41	9:54			
	9:57	10:12	10:22	10:32	10:45			
	11:34	11:49	11:59	12:09	12:25			
'MI	1:14	1:28	1:39	1:49	2:05			
	2:54	3:09	3:19	3:29	3:42			
	3:39	3:54	4:04	4:14	4:27			
	4:31	4:46	4:56	5:06	5:19			
	5:16	5:31	5:41	6:81	6:04			

	SATURDAY • OUTBOUND FROM DOWNTOWN							
	North End Terminal	Union Ave at Cleveland St	Union Ave at Hollywood	Walnut Grove at Peridns Rd	Humphreys Blvd at Walnut Grove			
AM	6:01	6:14	6:24	6:34	8:47			
	7:38	7:51	8:01	8:11	8:24			
	9:15	9:28	9:38	9:48	10:01			
	10:52	11:05	11:15	11:25	11:38			
PM	12:29	12:42	12:52	1:02	1:15			
	206	2:19	2:29	2:39	2:52			
	3:43	3:56	4:96	4:16	4:29			
	5:29	5:33	5:43	5:53	6:96			

SATURDAY • INBOUND TO DOWNTOWN							
	5	4	3	2	0		
	Humphreys Blvd at Walnut Grove	Walnut Grove et Perkins Rd	Union Ave at Hollywood	Union Ave at Cleveland St	North End Terminal		
W	8:50	7:05	7:15	7:25	7:38		
	8:27	8:42	8:52	9:02	9:15		
	10:04	10:19	10:29	10:39	10:52		
	11:41	11:56	12:00	12:16	12:29		
PNI	1:18	1:33	1:43	1:53	2:06		
	2:55	3:10	3:26	3:30	3:43		
	4:32	447	4:57	5:07	5:20		
	-	_	-	-	_		



#### INSTRUCTIONS

The bus stops at this location at listed times. Look for the column of times below the matching symbol in the schedule.

Only cartain trips operate along this portion of the route. See the schedule for trips that provide service here.

The bus operates express along this portion of the route.

Transfer point. Shows where this bus intersects with other routes that are available for transfer.

The bus stops at the times listed below the numbered symbol. Light times are A.M.; bold times are P.M.

The timetable shows when the bus is scheduled to depart.

Actual departure times may vary and depend upon traffic and weather conditions.

Arrive at the bus stop about 10 minutes early to avoid missing the bus.

**ZBRE 1 FARE**Base Fare Plus Additional Zone Fare...
(See Route Map for Zone Boundaries)

\$9.85

Expresa Base Fare.

MADA D REQUIRED

\*City Student Base Fare ...... \*County Student Base Fare ..... \*Seniors & Individuals w/Disabilities

ETTECTIVE: DECEMBER 4, 2011
\$1.75
\$1.35
\$1.55
\$1.55
\$1.55
\$1.55
\$1.55
\$1.55

**MATA FARES** 

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North End Terminal 444 N. Main Street.... American Way Transit Center 3921 American Way ..... TTY Hearing and Speech Impaired.......(901) MATA Administrative Offices 370 Levee Road ..... ..(901) 772-7100 ..(901) 274-6282 ..(901) 523-6134 ..(901) 522-9175 ..(901) 577-2540 ..(901) 772-7171 (801) 523-8134 (901) 722-0322 .(901)722-7080









### B: IV Floor Plans

100 Humphreys Blvd - Memphis TN

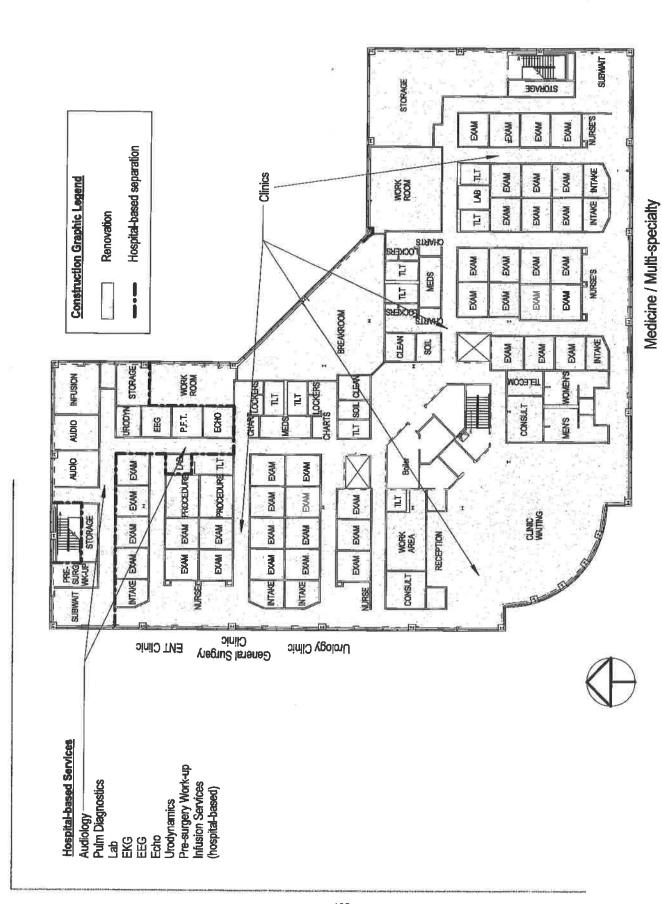
11/04/13

Therapist Work

33

100 Humphreys Blvd - Memphis TN

11/04/13



C: MRI Services (7)(d)
Outpatient Diagnostic
Services System Policy

	THIS	REPLACES	
INDEX	S-05-051		
REVISED	04/03/06	01/10/06	
EFFECTIVE	01/01/01		
PAGE	1 of 2		

### SYSTEM POLICY

**ORIGINATOR:** 

Administration

SUBJECT:

**Outpatient Orders for Diagnostic Services** 

PURPOSE:

To establish guidelines under which the medical staff can order outpatient, non-surgical services in a Methodist Healthcare facility.

FUNCTIONS AFFECTED:

Patient Access Services (including Scheduling, Patient Registration, Outpatient Care Center), all ancillary service areas, Health Information Management (outpatient record department) and Utilization Review.

**POLICY:** 

Methodist Healthcare recognizes that federal legislation placed an affirmative duty on Hospitals and Physicians to document authorization and medical necessity for outpatient diagnostic services. Failure to abide by CMS regulations has serious penalties for providers of healthcare, including the possibility of personal liability for those who do not properly document and code.

All functions affected must work with Medical staff members and referring physicians to ensure that the following guidelines are met prior to procedures being performed:

- All requests for diagnostic outpatient services (i.e. any test, procedure, treatment or other service) must be accompanied by a written, signed and dated Physician order. A Physician or a Nurse Practitioner may submit this signed order. Rubber stamp signatures are not acceptable. In the case of recurrent care outpatient encounters, one order will be valid for 6 months as long as the physician name, treatment regimen and medical necessity documentation remains unchanged.
- Patients arriving for an outpatient diagnostic service for whom an order has not been sent to Patient Access or the ancillary department prior to the patients' arrival, will be asked to wait or be rescheduled until the order is received by facsimile or other appropriate means.

In order to ensure compliance for our coding and billing functions, this policy will be followed for all payer groups (not just our Medicare patient population).

C: MRI Services (7)(e) ACR Accreditation



### American College of Radiology

Magnetic Resonance Imaging Services of

### LeBonheur Children's Hospital

848 Adams Memphis, Tennessee 38103

were surveyed by the Committee on MRI Accreditation of the Commission on Quality and Safety

The following magnet was approved

General Electric EXCITE HDX 2007

For

Head, Spine, Body, MSK

Accredited from:

September 12, 2013 through June 24, 2016

Gentony J. Saulen, m. A.

Albert L. Clamber un

CHAIRMAN, COMMITTEE ON MRI ACCREDITATION

PRESIDENT, AMERICAN COLLEGE OF RADIOLOGY

MRAP# 52601-02



### American College of Radiology

Magnetic Resonance Imaging Services of

### LeBonheur Children's Hospital

848 Adams Memphis, Tennessee 38103

were surveyed by the Committee on MRI Accreditation of the Commission on Quality and Safety

The following magnet was approved

**General Electric SIGNA EXCITE HDX 1.5** 

2010

For

Head, Spine, Body, MSK, Cardiac

Accredited from:

June 24, 2013 through June 24, 2016

Checking f. Sculen, m.h.

PRESIDENT, AMERICAN COLLEGE OF RADIOLOGY

MRAP# 52601-01

### C: MRI Services (7)(g) Medical Director CV

### Curriculum Vitae (as of 11/01/13)

### Harris L. Cohen M.D., F.A.C.R.

Address: 5639 Ashley Square S Phone: (516) 382-6191

Memphis, TN 38120-2470

Birthdate: 9/18/51 Married (wife: Sandra W. Cohen MD) with 3 children

Education: Stuyvesant High School (9/65-6/69) Academic (Honors) -- 1969

C.U.N.Y.-Brooklyn College (9/69-6/72), BA (Chemistry) (cum laude) -1973

B.C.-Downstate 7 Year BA-MD Program

Medical Education: S.U.N.Y.-Downstate Medical Center (9/72-6/76) MD - 1976

### Postgraduate Education:

PGY-1: Nassau County Medical Center, Internal Medicine 7/76-6/77

PGY-2-4: SUNY-Downstate, Diagnostic Radiology 7/77-6/80

PGY-5: Childrens' Hospital-National Medical Center (Washington, D.C.)

Diagnostic Radiology Fellow 7/80-6/81

### Current Position:

### University of Tennessee (UT) Health Science Center and LeBonheur Children's Medical Center

7/09- : Chairman, University of Tennessee, Department of Radiology

11/08-6/09: Executive Vice Chairman UT Department of Radiology

11/08 Medical Director of Radiology, LeBonheur Children's Hospital
 4/09 Director, Pediatric Radiology Fellowship Program (accredited)

1/13- : Radiologist-in-Chief, ULPS (LeBonheur Children's Hospital)

### Employment History [Departments of Radiology]:

### **SUNY-Health Science Center at Stony Brook**

2/02-10/08: Vice Chairman (Research Affairs)/Associate Chairman

11/02-10/08: Director, Division CT, US, MR (Body Imaging)

2/02-10/08: Chief, Diagnostic Ultrasound section

2/02-10/08: Chief, Pediatric Body Imaging

7/03-10/08: Director, Abdominal Imaging (Body Imaging) Fellowship Program

(original and subsequent accreditation)

### **Johns Hopkins Medical Institutions**

7/00-1/02: Director, Division of Pediatric Imaging

7/00-now: Visiting Professor of Radiology

7/00-1/02: Director, Pediatric Radiology Residency Program [Fellowship Program

(accredited)]

### SUNY-Health Science Center at Brooklyn (a/k/a SUNY-Downstate) [2/93-6/00]

University Hospital of Brooklyn (UHB) & Kings County Hospital (KCHC)

2/93-6/00: Director, Division of Ultrasound- UHB & KCHC

2/93-6/00: Associate Director (for Academic Affairs) Department of Radiology-KCHC

6/94-now: Medical Director/Advisor, Diagnostic Ultrasound Program, College of Health Related Professions, SUNY Health Science Center at Brooklyn

11/98-6/99: Associate Chairman (for Clinical Research) Department of Radiology

6/99-6/00: Vice Chairman for Academic Affairs and Clinical Research

6/99- 6/00: Co-Director, Division of Pediatric Radiology

### North Shore University Hospital-Cornell University Medical College [10/88-1/93]

10/88-1/93: Associate Chief-Division of Ultrasound/CT/MR

10/89-1/93: Physician-in-Charge, Pediatric Ultrasound/CT

1/91- 1/93: Associate Attending Radiologist

### SUNY-Health Science Center at Brooklyn, University Hospital of Brooklyn (UHB)

& Kings County Hospital (KCHC) a/k/a SUNY-Downstate [8/85-10/88]

8/85-10/88: Active Attending Physician-KCHC

8/85-10/88: Medical Director: Radiologic Science & Technology Program-

SUNY Health Science Center at Brooklyn

8/85/10/88: Director-Division of Ultrasound-SUNY/KCH

### Brookdale Hospital Medical Center [7/81-8/85] a/k/a Brookdale University Hospital

7/81-1/84: Assistant Attending Radiologist

1/84-8/85: Assistant Physician-in-Charge Diagnostic Imaging (CT & Ultrasound)

1/84-1/89: Associate Attending Radiologist

1/86-1/89: Consultant in Pediatric Imaging-dual appointment [Radiology & Pediatrics]

1/89-now: Consultant in Pediatric Radiology and Ultrasound [Radiology]

### Academic Appointments:

7/77 - 6/80: Assistant Instructor (Radiology) SUNY-Downstate

7/81 - 8/85: Clinical Assistant Professor (Radiology) SUNY-Downstate

8/85 - 10/88: Assistant Professor (Clinical Radiology) SUNY-HSC/B

10/88-1/93: Associate Professor (Radiology) Cornell University Med College

2/93 - 5/96: Professor (Clinical Radiology) SUNY-HSC/Brooklyn 5/96 - 7/01: Professor of Radiology with Tenure - SUNY-Downstate

7/00 - now: Professor of Radiology (Visiting)- Johns Hopkins University SOM

5/02 – now: Professor of Radiology with Tenure- SUNY-Stony Brook

9/08-present: Professor of Radiology Emeritus- SUNY-Stony Brook

11/08-present: Professor of Radiology, Obstetrics and Pediatrics- Univ of Tennessee

6/10-present Professor of Radiology with Tenure- Univ of Tennessee HSC

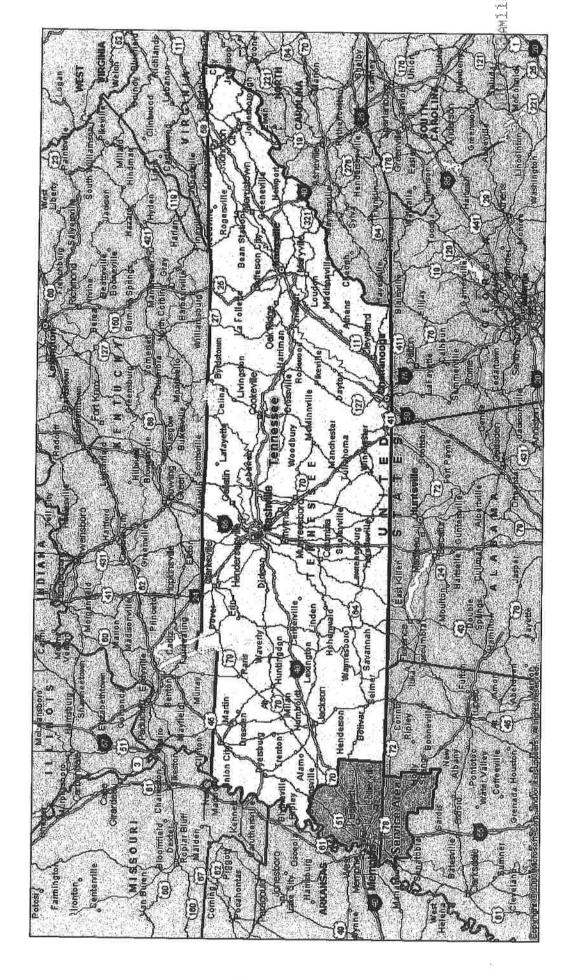
### **Board Certifications:**

National Board of Medical Examiners-1977

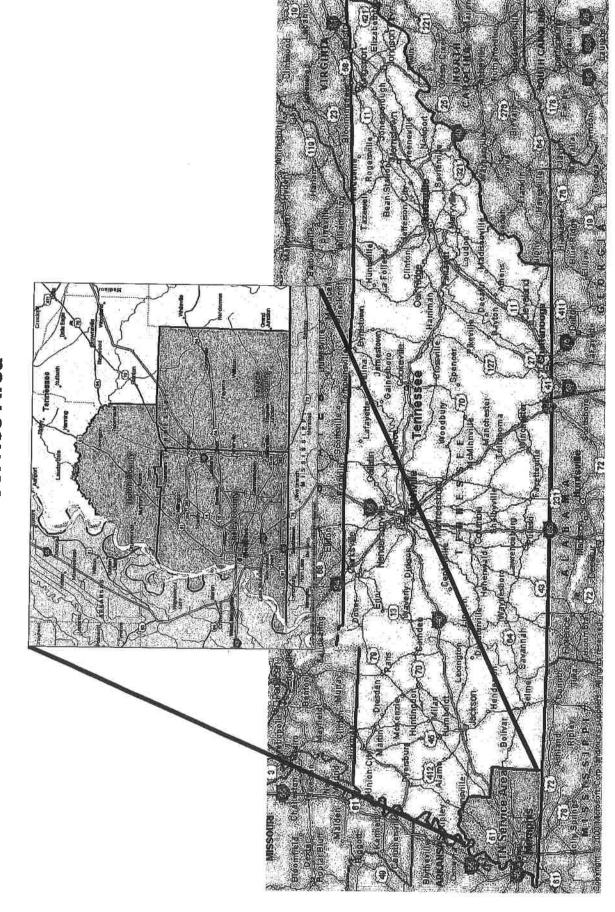
American Board of Radiology (ABR)-----1980

C: Need (3) Service Area Map

Le Bonheur Children's Hospital Primary Service Area



Le Bonheur Children's Hospital Tennessee Portion of **Service Area** 



# C: Economic Feasibility (1)(c) Moveable Equipment Listing >\$50,000

### MOVEABLE EQUIPMENT LIST > \$50,000

ITEM DESCRIPTION	TOTAL
ITENI DESCRIPTION	TOTAL
MRI	\$1,427,825
СТ	\$800,000
Digital X-Ray System	\$505,260
Digital Rad Room	\$485,000
Ultrasound Machine	\$200,000
Patient Monitor	\$92,300
Urodynamics System	\$88,000
Anesthesia Machine	\$78,000
Dual IV Pump	\$64,000

# C: Economic Feasibility (1)(d) Documentation of Construction Cost Estimate

November 11, 2013

Ms. Meri Armour **Chief Executive Officer** Le Bonheur Children's Hospital 50 N. Dunlap Street Memphis, TN 38103

RE: VERIFICATION OF CONSTRUCTION COST ESTIMATE -LE BONHEUR OUTPATIENT CENTER, MEMPHIS, TENNESSEE

Dear Ms. Armour:

We have reviewed the construction cost estimates and descriptions for the project in the CON packet and compared them to typical construction costs we have experienced in the Mid South region for healthcare construction.

It is brg3s's opinion, that in today's dollar the projected \$4.9 million construction budget is consistent with the cost value for this type of construction and similar projects in this market. The budget includes \$3.9 million for construction, \$0.08 million for site work, \$0.5 million for design/ A&E fees and \$0.4 million for contingency. While specific finish choices and market conditions can greatly affect the cost of any project, the costs assumed in the estimate appear adequate for mid range finishes used in a healthcare environment for the scope of work for the Le Bonheur Outpatient Center.

In providing opinions of probable construction cost, the Client understands the Consultant has no control over the cost or availability of labor, equipment or material, or over market conditions or the Contractor's method of pricing and that the Consultant's opinions of probable construction costs are made on the basis of the Consultants professional judgment and experience. The consultant makes no warranty, express or implied, that the bids or the negotiated cost of the work will not vary from the Consultant's opinion of probable construction cost.

This facility includes MRI and CT and will be designed in accordance with all applicable federal and state standards, regulations and guidelines, licensing agency requirements and with equipment manufacturer's specifications at the proposed location of the Le Bonheur Outpatient Center, Humphreys Blvd, Memphis, TN.

Please do not hesitate to contact us if you require any additional information.

Sincerely,

brg3s

Jon R. Summers, AIA

Principal

11 W. Huling Avenue Memphis, Tennessee 38103 901.260.9600

f

901.531.8042

brg3s.com





# C: Economic Feasibility (2) Documentation of Availability of Funding



November 7, 2013

Melanie Hill Executive Director Tennessee Health Facilities Commission Andrew Jackson State Office Building 500 Deaderick Street, Suite 850 Nashville, TN 37243

Dear Ms. Hill:

This is to certify that Methodist Healthcare – Memphis Hospitals has adequate financial resources for the Le Bonheur Children's Hospital Pediatric Outpatient Center project. The applicant, Methodist Healthcare—Memphis Hospitals, is a not-for-profit corporation that operates five Shelby County hospitals under a single license. The applicant is a wholly-owned subsidiary of a broader parent organization, Methodist Healthcare, which is a not-for-profit corporation with ownership and operating interests in multiple other healthcare facilities of several types in West Tennessee and North Mississippi. Cash is held at the corporate level. Methodist Healthcare has available cash balances to commit to this project. The capital cost of the project is estimated at \$26,798,857.

Sincerely,

Chris McLean

Senior Vice President Finance

Wrife

## C: Economic Feasibility (4) Detail of Other Revenue and Expense

### **Defining "Other" categories**

Other Operating Revenue:

Cafeteria

Drugs

Telephone rental

Vending Office Rental

**Ground Transportation** 

Fix Wing Grants

United Way Grants Misc. Income

Other Expenses:

**Benefits** 

Repairs and Maintenance

Professional Fees Contract Services

Accounting/Auditing Fees Legal/Consulting Fee

Advertising

**Dues and Subscriptions** 

Education/ Travel

Utilities Insurance Food services Laundry Services

Print Shop
Telephone
Transcription
Academic Support
Contributions

License/Accredidations Fees

Postage/Freight
Procurement Card Exp

Other Revenue/Expenses:

Capital Campaign Funding

Interest Income

Gain/Loss on Disposal of PPE

Project Data Chart
Other Operating Revenue:

Cafeteria

Drugs Gift Shop Telephone Vending Shared Svc

**Tuition/Student Fees** 

Office Rentals

Parking 340b Program HealthSouth Trauma Fund Rental Income

Transp (ground & fixed wing)

Gamma Knife

Grants Other

### C: Economic Feasibility (10) Financial Statements

Methodist Le Bonheur Healthcare Balance Sheet September 2013 (in thousands)	Economic Feasibility - 10
ASSETS:	
CURRENT ASSETS:	
CASH & TEMPORARY INVESTMENTS:	
UNRESTRICTED	787,315
RESTRICTED	14,523
TOTAL CASH & TEMPORARY INVESTMENTS	801,838
ACCOUNTS RECEIVABLE:	
PATIENT	725,690
ALLOW DETFUL ACCTS & CONTR ADJ	518,371
NET PATIENT ACCOUNTS RECEIVABLE	207,319
MEDICARE / MEDICAID PROGRAMS	¥
AFFILIATES	*
PLEDGE CAMPAIGN	2,602
OTHER	15,403
TOTAL ACCOUNTS RECEIVABLE	225,324
IAN (FARRANIA)	
INVENTORIES	24,500
PREPAID EXP & OTHER CURRENT ASSETS	9,397
ASSETS LIMITED TO USE-CURRENT PORTION	891
TOTAL CURRENT ASSETS	1,061,950
ASSETS LIMIT TO USE-LESS CURR PORTION	<b>39,611</b>
PROPERTY PLANT & EQUIPMENT-NET	•
	876,763
UNAMORTIZED DEBT ISSUE COSTS	12,933
SWAPS MARKET VALUE	0
ADVANCES TO AFFILIATES	0
PLEDGE CAMPAIGN-LONG TERM OTHER ASSETS	3,959 40,5D1
TOTAL ASSETS	2,035,717
	2,000,711
LIABILITIES AND NET ASSETS:	
CURRENT LIABILITIES:	
ACCOUNTS PAYABLE	60,704
ACCRUED PAYROLL & PAYROLL TAXES	22,048
ACCRUED PTO	33,856
ACCRUED SELF INSURANCE COSTS	19,373
ACCRUED INTEREST	4,323
OTHER ACCRUED EXPENSES MEDICARE / MEDICAID PROGRAMS	5,900
AFFILIATES	7777 0
LONG TERM DEBT-CURRENT PORTION	15676
TOTAL CURRENT LIABILITIES	169,657
LONG TERM DEBT LESS CURRENT PORTION	584,805
ACCRUED PENSION LIABILITY	<del>1</del> 86,136
HPL LONG TERM RESERVE SWAPS MARKET VALUE	18,658
OTHER LONG TERM LIABILITIES	55,79 <u>2</u> 6,466
ADVANCES FROM AFFILIATES	0,400
MINORITY INTEREST	4,604
TOTAL LIABILITIES	1,026,118
NET ASSETS:	
UNRESTRICTED	987,689
TEMPORARILY RESTRICTED	18,482
PERMANENTLY RESTRICTED	3,428
TOTAL NET ASSETS	1,009,599
TOTAL LIABILITIES AND NET ASSETS	2,035,717

### Methodist Healthcare – Memphis Hospitals Income Statement Period Ended September 2013 (\$000's)

Economic Feasibilty - 10

### Revenues

Gross patient service revenues Deductions from revenue Net patient service revenues Other Operating Revenue	\$ 3,868,386 2,824,440 1,043,946 31,782
Other Non-Operating Revenue	886
Total revenues  Expenses	1,076,614
Salaries and benefits	419,043
Supplies and other	518,416
Depreciation and amortization	54,791
Interest	(2,416)
Total expenses	989,834
Net Income	\$ 86,780



**Combined Financial Statements** 

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)



KPMG LLP Suite 900 50 North Front Street Memphis, TN 38103-1194

### **Independent Auditors' Report**

The Board of Directors

Methodist Le Bonheur Healthcare:

#### Report on the Financial Statements

We have audited the accompanying combined financial statements of Methodist Le Bonheur Healthcare and Affiliates (the System), which comprise the combined balance sheets as of December 31, 2012 and 2011, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### **Opinion**

In our opinion, the combined financial statements referred to above present fairly in all material respects, the financial position of Methodist Le Bonheur Healthcare and Affiliates as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Memphis, Tennessee April 26, 2013

### **Combined Balance Sheets**

### December 31, 2012 and 2011

### (In thousands)

Assets		2012	2011
Current assets: Cash and cash equivalents Investments Net patient accounts receivable Due from third-party payors Other current assets Assets limited as to use – current portion	\$	71,677 746,608 190,102 — 49,373 682	71,558 569,779 170,705 523 45,013 897
Total current assets	_	1,058,442	858,475
Assets limited as to use, less current portion Property and equipment, net Other assets  Total assets	 \$	40,616 821,718 54,956 1,975,732	40,754 808,006 58,613 1,765,848
Liabilities and Net Assets		1,570,702	2,7 00,0 10
Current liabilities: Accounts payable Accrued expenses and other current liabilities Due to third-party payors Long-term debt – current portion	\$	57,829 91,583 17,903 15,658	58,581 85,280 — 18,849
Total current liabilities	i: <u></u>	182,973	162,710
Long-term debt, less current portion Estimated professional and general liability costs Accrued pension cost Other long-term liabilities		600,833 25,081 197,608 88,743	515,322 25,392 190,519 92,448
Total liabilities	;	1,095,238	986,391
Net assets: Unrestricted Temporarily restricted Permanently restricted		852,139 20,282 3,351	751,126 20,081 3,004
Total net assets attributable to Methodist Le Bonheur Healthcare		875,772	774,211
Noncontrolling interests	_	4,722	5,246
Total net assets	_	880,494	779,457
Commitments and contingencies			
Total liabilities and net assets	\$	1,975,732	1,765,848

### **Combined Statements of Operations**

### Years ended December 31, 2012 and 2011

(In thousands)

		2012	2011
Unrestricted revenues and other support:  Net patient service revenue  Provision for uncollectible accounts  Net patient service revenue less provision	\$_	1,562,285 (135,201)	1,356,646 (109,570)
for uncollectible accounts  Other revenue  Net assets released from restrictions used for operations		1,427,084 55,200 13,012	1,247,076 30,639 9,055
Total unrestricted revenues and other support	_	1,495,296	1,286,770
Expenses: Salaries and benefits Supplies and other Depreciation and amortization Interest Total expenses	_	724,897 599,393 85,345 27,287	662,305 473,492 85,282 25,586 1,246,665
Operating income		58,374	40,105
Nonoperating gains (losses): Investment income, net Change in fair value of interest rate swaps Unrealized gain (loss) on trading securities, net Impairment of land Impairment of goodwill		24,012 3,798 37,984 (332) (928)	36,271 (38,084) (27,261) — (3,800)
Total nonoperating gains (losses), net	_	64,534	(32,874)
Revenues, gains and other support in excess of expenses and losses, before noncontrolling interests		122,908	7,231
Noncontrolling interests	_	(1,424)	(382)
Revenues, gains and other support in excess of expenses and losses		121,484	6,849
Other changes in unrestricted net assets: Accrued pension cost adjustments Other		(22,289) (68)	(85,813)
Net assets released from restrictions used for capital purposes		1,886	2,895
Increase (decrease) in unrestricted net assets	\$ _	101,013	(76,069)

Combined Statements of Changes in Net Assets
Years ended December 31, 2012 and 2011
(In thousands)

	-	Unrestricted	Temporarily restricted	Permanently restricted	Noncontrolling interests	Total
Balances at December 31, 2010	\$	827,195	22,743	2,840	7,068	859,846
Revenues, gains and other support in excess of expenses and losses Distributions to minority shareholders Accrued pension cost adjustments Donor-restricted gifts, grants, and bequests Investment income, net		6,849 — (85,813) —	9,116 172	164	382 (2,204) —	7,231 (2,204) (85,813) 9,280 172
Net assets released from restrictions used for operations Net assets released from restrictions used for capital purposes	_	2,895	(9,055)			(9,055)
Change in net assets	_	(76,069)	(2,662)	164	(1,822)	(80,389)
Balances at December 31, 2011		751,126	20,081	3,004	5,246	779,457
Revenues, gains and other support in excess of expenses and losses Distributions to minority shareholders Accrued pension cost adjustments Other Donor-restricted gifts, grants, and bequests Investment income, net Net assets released from restrictions used for operations Net assets released from restrictions used for capital purposes		121,484 ———————————————————————————————————	14,502 597 (13,012)	347	1,424 (1,948) — — —	122,908 (1,948) (22,289) (68) 14,849 597 (13,012)
Change in net assets		101,013	201	347	(524)	101,037
Balances at December 31, 2012	\$_	852,139	20,282	3,351	4,722	880,494

### Combined Statements of Cash Flows

### Years ended December 31, 2012 and 2011

(In thousands)

		2012	2011
Cash flows from operating activities:		-	
Change in net assets	\$	101,037	(80,389)
Adjustments to reconcile change in net assets to net cash provided by		•	(,,
operating activities, net of effects of acquisitions;			
Depreciation and amortization		85,345	85,282
Unrealized (gain) loss on trading securities, net		(37,984)	27,261
Change in fair value of interest rate swaps		(3,798)	38,084
Provision for uncollectible accounts		135,201	109,570
Restricted contributions and investment income		(1,117)	(1,184)
Equity in net income of equity investees		1,401	(163)
Impairment of land		332	·
Impairment of goodwill		928	3,800
Gain on disposal of property and equipment		(70)	(99)
Accrued pension cost adjustments		22,289	85,813
Changes in operating assets and liabilities:		·	
Accounts receivable		(154,598)	(112,742)
Other current assets and due from third-party payors		(3,835)	(4,056)
Other assets		1,336	(3,534)
Accounts payable, accrued expenses and due to third-party payors		23,454	(7,445)
Other long-term liabilities, estimated professional and		,	(/,1.12)
general liability costs and accrued pension costs		(15,418)	(31,315)
Net cash provided by operating activities	-	154,503	108,883
Cash flows from investing activities:	-		
Capital expenditures		(00 010)	(72.244)
Proceeds from sales of property and equipment		(98,812) 253	(73,344)
Sales of investments		1,665,243	561
Purchases of investments		(1,803,922)	1,237,632
Change in assets limited as to use			(1,269,685)
Purchase of businesses		237	(187)
	-	(74)	(2,389)
Net cash used in investing activities		(237,075)	(107,412)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt		100,500	128
Repayment of long-term debt		(18,926)	(16,028)
Restricted contributions and investment income		1,117	1,184
	3=		
Net cash provided by (used in) financing activities	-	82,691	(14,716)
Net increase (decrease) in cash and cash equivalents		119	(13,245)
Cash and cash equivalents at beginning of year	0	71,558	84,803
Cash and cash equivalents at end of year	\$ =	71,677	71,558

C: Orderly Development (1)
List of Managed Care Contracts

of the Joint Annual Report. In order to allow the Joint Annual Report to meet the entire reporting requirement described in this act, please list all health insurance plans with which you currently - as of the last day of this reporting period - have a valid contract. List each plan separately not just the name of the company. For example, if you have contracts to provide services to individuals enrolled in Blue Choice and Blue Preferred, list both plans and do not only list Blue Cross & Blue Shield of Tennessee. to the Department of Health "health care plans accepted by the hospital" as well as a variety of information that is included in earlier schedules The Health Consumer Right-to-Know Act of 1998 which was signed by Governor Sunquist in May, 1998 requires hospitals to report

Jane.

Ace Pump	Memphis Business Group on Health
American Healthcare Alliance	Mississippl Administrative Services, Inc.
Americraft CartonfWestern Container	MultiPlan, inc. (PHCS ws purchased by Multiplan)
Arkansas Managed Care Organization (AMCO)	NovaSys Health Network
Assurant Health	Planned Administrators, Inc.
Beech Street Corporation	PPO USA
City of Dyersburg	Resource One Administrators
City of Germantown	Seabrook Wall Coverings, Inc.
Crittenden Regional Hospital	United Healthcare of Tennessee, Inc.
Langston Companies, Inc.	USA Managed Care Organization
Municipal Health Benefit Fund	V. Alexander & Company, Inc.
North Mississippi Health Link, Inc.	Tennessee Healthcare, LLC
North Mississippi Health Services Employee Health Plan	Blue Cross Arkansas Medi Pak (Medicare Advantage)
Nova Net, Inc.	HealthSpring (Medicare Advantage) HMO
Razorback Concrete Company	
Secure Horizons (Medicare Advantage)	
Sharp PHO	
Methodist Le Bonheur Healthcare	
Aetna US Healthcare	
American PPO	
BCBS of Tennessee -Blue Classic	
BCBS of Tennessee -Blue Preferred	
BCBS of Tennessee -Blue Select	
Best Doctors	Windows and the second
CIGNA Healthcare of Tennessee, Inc.	
Commonwealth Health Corporation d/b/a Center Care	
Community Services Network of West Tennessee, Inc.	
Coventry Health and Life Insurance Company	
Evolutions Healthcare Systems, Inc.	
Fortified Provider Network	
Galaxy Health Network	
Health Partners, Inc.	
Humana/Employer's Health	
Integritas Benefit Group	
Health Cost Solutions (formerly Williams C. Beeler & Co)	

43 RDA 1530

to the Department of Health "health care plans accepted by the hospital" as well as a variety of information that is included in earlier schedules of the Joint Annual Report. In order to allow the Joint Annual Report to meet the entire reporting requirement described in this act, please list all health insurance plans with which you currently - as of the last day of this reporting period - have a valid contract. List each plan separately not just the name of the company. For example, if you have contracts to provide services to individuals enrolled in Blue Choice and Blue Preferred, list both plans and do not only list Blue Cross & Blue Shield of Tennessee. The Health Consumer Right-to-Know Act of 1998 which was signed by Governor Sunquist in May, 1998 requires hospitals to report

# Plans:

Ace Pump

American Healthcare Alliance	
Americraft Carton Western Container	
Arkansas Managed Care Organization (AMCO)	
Assurant Health	
Beech Street Corporation	
City of Dyersburg	
Cityof Germantown	
Crittenden Regional Hospital	
Langston Companies, Inc.	
Minicipal Health Benefit Fund	
North Mississippi Health Link, Inc	
North Mississippi Health Services Employee Health Plan	
Nova Net, Inc.	
Razorback Concrete Company	
Secure Horizons (Medicare Advantage)	
Sharp PHO	
United Healthcare of Tennessee	
Blue Cross Blue Shield Tennessee -Preferred	
Blue Cross Arkansas	
Cigna -CHMO	
Cigna -Flex	
Cigna -PPO	
Methodist Le Bonheur Healthcare	
Health Scope Benefits	
AR Blue Cross MediPak (Medicare Advantage)	
HealthSprings (Medicare Advantage) HMO	
CBCA Administrators, Inc.	
Greater Missouri Educational Trust - GMET	
Health Choice PRO (Payer Requested Option) - 2006	
Hospitality Management Advisors, Inc.	
Principal Edge Network 9/1/2010	
Second Presbyterian and Christian Psychological Center	

C: Orderly Development (7)(c)
License from
Board of Licensing
Health Care Facilities

# Woard for Licensing Health Care Facilities

Tennessee State of W

No. of Beds\_

# DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Fleathh to

METHODIST HEALTHCARE - MEMPHIS HOSPITALS

to conduct and maintain a

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(Of the Williams Andrew Bosons of Colombia and the State of the Colombia and the State of the St



DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

OMMISSIONER



On the Distinct Galogory (us.) of: PEDIATRIC PRIMARY HOSPITAL TRAUMA CENTER LEVEL 2

# C: Orderly Development (7)(d)(1) TDH Licensure Survey and Plan of Correction



# STATE OF TENNESSEE DEPARTMENT OF HEALTH WEST TENNESSEE HEALTH CARE FACILITIES 781-B AIRWAYS BOULEVARD JACKSON, TENNESSEE 38301-3203

January 29, 2008

Ms. Peggy Troy, Administrator Methodist Healthcare Memphis Hospitals 1211 Union Avenue, Ste 700 Memphis, TN 38104

**RE: Licensure Surveys** 

Dear Ms. Troy:

Enclosed is the statement of deficiencies for the licensure surveys completed at your facility on **January 17, 2008**. Based upon 1200-8-1, you are asked to submit an acceptable plan of correction for achieving compliance with completion dates and signature within **ten (10) days from the date of this letter**.

Please address each deficiency separately with positive and specific statements advising this office of a plan of correction that includes acceptable time schedule, which will lead to the correction of the cited deficiencies. **Enter on the right side of the State Form, opposite the deficiencies**, your planned action to correct the deficiencies and the expected completion date. The completion date can be no longer than **45 days from the day of survey**. Before the plan can be considered "acceptable," it must be signed and dated by the administrator

Your plan of correction must contain the following:

- How the deficiency will be corrected;
- How the facility will prevent the same deficiency from recurring.
- > The date the deficiency will be corrected:
- How ongoing compliance will be monitored.

Please be advised that under the disclosure of survey information provisions, the Statement of Deficiencies will be available to the public.

If assistance is needed, please feel free to call me at 731-421-5113.

Sincerely,

Celia Skelley, MSN, RN

Public Health Consultant Nurse 2

CS/TW

(X3) DATE SURVEY STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION COMPLETED AND PLAN OF CORRECTION IDENTIFICATION NUMBER: 03 - METHODIST NORTH BUIL A. BUILDING B. WING 01/16/2008 TNP531109 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 1265 UNION AVE SUITE 700 METHODIST HEALTHCARE MEMPHIS HOSPIT MEMPHIS, TN 38104 PROVIDER'S PLAN OF CORRECTION (X5) COMPLETE SUMMARY STATEMENT OF DEFICIENCIES (X4) ID (EACH CORRECTIVE ACTION SHOULD BE (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX PREFIX DATE REGULATORY OR LSC IDENTIFYING INFORMATION) CROSS-REFERENCED TO THE APPROPRIATE TAG TAG DEFICIENCY) H 871 H 871 1200-8-1-.08 (1) Building Standards Building Standards Sprinkler head was repaired. (1) The hospital must be constructed, arranged, 01/23/08 A full inspection of corridor sprinkler heads and maintained to ensure the safety of the was completed on 02/06/2008 with findings patient. of 7 bent heads from a total of 278 inspected. These sprinkler heads will be eplaced by March 7th. This Rule is not met as evidenced by: Methodist North b. Door latch was replaced. Random fire door inspections will continue to 01/17/08 Based on observation, it was determined that the ensure that all fire doors are included in the facility failed to maintain all parts of the building. program and not just those that are located in the hallways at fire barriers. The findings included: Repaired penetration. On 1/16/08 these items were found during the 01/16/08 We believe this to be an isolated occurrence tour of the building: as no other penetrations were found. a. On the 5th floor a sprinkler head defector was Continue quarterly random penetration found bent by room 511 in the corridor. inspections and annual full building b. On the 4th floor the oxygen storage room door penetration inspections. would not close and latch. c. On the 3rd floor a penetration was found d. Changed hand rail to wall guard. around the duct above the ceiling by room 308. 01/22/08 Will inspect elevator service lobbies for best d. On the 2nd floor at the entrance of the Cath lab application of wall guard versus hand rails by the elevators the hand rail had came lose from and change as appropriate. the wall. e. On the 2nd floor the fire doors(2-FD-222) at 01/17/08 Door latch was repaired on the entrance of the Cath Lab did not close and Continue random fire door inspections and ensure that all fire doors are included in the f. On the 2nd floor at the Cardiac Short Stay a program. hole in the wall was found behind the fire door. g. On the 1st floor in the OR Preop holding. f. The hole in the wall has been repaired. storage was being stored in the patient holding 01/18/08 This appeared to an isolated incident, which areas. occurred very recently. An inspection of h. In the Newborn Instension Care has 2 of 3 every set of fire doors that are held open Emergency lights that did not work when tested. found that this was the only door with an i. The door to the oxygen storage room (140) did ssue. not close and latch. i. The smoke detector outside the Dialysis room is approximately 12 inches from the supply vent from the air conditioner. Division of Health Care Facilities TITLE (X6) DATE

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

STATE FORM 6899

VQ4921

if continuation sheet 1 of 2

STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA AND PLAN OF CORRECTION (X2) MULTIPLE CONSTRUCTION (X3) DATE SURVEY IDENTIFICATION NUMBER: COMPLETED A. BUILDING 03 - METHODIST NORTH BUIL B. WING TNP531109 01/16/2008 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE METHODIST HEALTHCARE MEMPHIS HOSPIT 1265 UNION AVE SUITE 700 MEMPHIS, TN 38104 (X4) ID SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION PRÉFIX (EACH DEFICIENCY MUST BE PRECEDED BY FULL (X5) COMPLETE REGULATORY OR LSC IDENTIFYING INFORMATION) **PREFIX** (EACH CORRECTIVE ACTION SHOULD BE TAG TAG CROSS-REFERENCED TO THE APPROPRIATE DATE DEFICIENCY) H 871 Continued From page 1 H 871 Continued from page 1 k. In the basement 3 tables, a screen and a small metal cart are sitting in the corridor of the medical g. Supplies were immediately removed during 01/16/08 the survey. records Unannounced random inspections will be conducted and documented by Safety / Facilities Services at least monthly in this Methodist South, No Deficiencies area to ensure compliance for the next 3 months. Any deficiencies will be immediately Methodist University Hospital, No Deficiencies corrected and in-service training will be immediately provided to department Methodist Grmantown Hospital, No Deficiencies personnel. Methodist Behavioral Health Hospital, No h. Emergency lights were replaced . 01/21/08 **Deficiencies** Testing of the battery powered lights will occur on a monthly basis. Methodist Lebonheur Childrens Hospital, No i. Door latch was replaced. **Deficiencies** Continue random fire door inspections and 01/17008 ensure that all fire doors are included in the program and not just those that are located in the hallways at fire barriers. j. Smoke detector was immediately moved on 01/16/08 the day of the inspection. As we find smoke detectors within 3 feet of a supply / return diffusers, we will move them. We aware of this requirement for all new construction / renovations and will enforce compliance. k. All items were immediately removed from 01/16/08 the corridor during the inspection. Unannounced random inspections will be conducted and documented by Safety / Facilities Services at least monthly in this area to ensure compliance for the next 3 months. Any deficiencies will be immediately corrected and in-service training will be immediately provided to department personnel. Division of Health Care Facilities

TATE FORM

5899

VQ4921

If continuation sheet 2 of 2

if continuation sheet 1 of 2

STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA AND PLAN OF CORRECTION (X2) MULTIPLE CONSTRUCTION (X3) DATE SURVEY IDENTIFICATION NUMBER: COMPLETED A BUILDING B. WING TNP531109 NAME OF PROVIDER OR SUPPLIER 01/17/2008 STREET ADDRESS, CITY, STATE, ZIP CODE METHODIST HEALTHCARE MEMPHIS HOSPIT 1265 UNION AVE SUITE 700 MEMPHIS, TN 38104 (X4) ID SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL PROVIDER'S PLAN OF CORRECTION PRÉFIX (X5) COMPLETE PREFIX REGULATORY OR LSC IDENTIFYING INFORMATION) (EACH CORRECTIVE ACTION SHOULD BE TAG TAG CROSS-REFERENCED TO THE APPROPRIATE DATE DEFICIENCY) H 732 1200-8-1-.06 (9)(b) Basic Hospital Functions H 732 Basic Hospital Functions (9) Food and Dietetic Services. Qualified Interim Food and Nutrition 02/29/08 (b) The hospital must designate a person to \$ervices Director has been named for serve as the food and dietetic services director Methodist Le Bonheur Children's with responsibility for the daily management of Medical Center, Methodist North the dietary services. The food and dietetic Hospital and Methodist South Hospital. services director shall be: The Food and Nutrition Services 1. A dietitian; or Director job description has been 2. A graduate of a dietetic technician or dietetic revised to require one of the following: assistant training program, correspondence or ) a dietician: or classroom, approved by the American Dietetic a graduate of a dietetic technician Association; or or dietetic assistant training program, dorrespondence or classroom, 3. A graduate of a state-approved course that approved by the American Dietetic provided ninety (90) or more hours of classroom instruction in food service supervision and has Association; or 3) a graduate of a state-approved experience as a food service supervisor in a course that provided ninety (90) or health care institution with consultation from a qualified dietitian. more hours of classroom instruction in food service supervision and has experience as a food service supervisor in a health care institution This Rule is not met as evidenced by: with consultation from a qualified Based on review of the hospital's food service contract, of licensure regulations, of personnel dietitian. files and interviews it was determined the facility failed to meet licensure qualification requirements Food and Nutrition Services Director for 3 of 5 facility Food Service Directors (Facility # positions have been posted and 1, 2, and 3) under the hospital license and to recruitment will continue to follow these State Hospital Regulations. permanently fill the positions. The findings included: 1. Review of the hospital contract for dietary services revealed the following documentation under Article 4 - Compliance with laws: "4.1 Compliance. [The food service contract ivision of Health Care Facilities TITLE ABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE (X8) DATE

0L3Y11

TATE FORM

STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION (X3) DATE SURVEY AND PLAN OF CORRECTION IDENTIFICATION NUMBER: COMPLETED A. BUILDING B. WING TNP531109 01/17/2008 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE 1265 UNION AVE SUITE 700 METHODIST HEALTHCARE MEMPHIS HOSPIT MEMPHIS, TN 38104 SUMMARY STATEMENT OF DEFICIENCIES (X4) ID PROVIDER'S PLAN OF CORRECTION (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX (X5) PREFIX (EACH CORRECTIVE ACTION SHOULD BE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG CROSS-REFERENCED TO THE APPROPRIATE DATE DEFICIENCY) H 732 Continued From page 1 H 732 Continued from page 1 company] and the System agree to comply with A check off sheet will be utilized to all applicable laws, rules and regulations". ensure that before an individual is 2. Review of personnel files for the Food offered a position as Food and Nutrition Services Directors at Facilities 1, 2 and 3, failed Director at any facility in Methodist Le to show they met the licensure regulations for a Bonheur Healthcare, the above food service director. qualifications are met and one of the following is provided to the HR During an interview on 1/14/08, at 10:30 AM, the Recruiter and/or Regional Director of Food Service Director for Facility #1 confirmed Operations: he/she did not have the qualifications to meet the 1) Copy of CDR Registered Dietitian licensure regulation. card, or During an interview on 1/15/08, at 9:30 AM, the 2) Copy of CDR Registered Dietetic Food Service Director for Facility #2 confirmed he/she did not have the qualifications to meet the Technician card, or licensure regulation. 3) Copy of certificate of graduation from During an interview on 1/16/08, at 1:30 PM, the a state approved CDM class. Hospital Clinical Risk Management Director was unable to provide documentation that the Food There will be three (3) required levels of Service Directors from Facility 1, 2 or 3 met these approval for each candidate that is Licensure Regulations. chosen for the food and dietetic services director position at Methodist Le Bonheur Healthcare: 1) Regional Director of Operations with Morrison 2) Regional Vice President with Morrison 3) Methodist Le Bonheur Healthcare Facility Administrative Liaison or the Methodist Le Bonheur Healthcare Facility Human Resource Director. The dietary department will be included in the quarterly Human Resource Department audit. The facility liaison Director at each facility will review the personnel files on an annual basis and at time of new hire. Division of Health Care Facilities

STATE FORM

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If continuation sheet 2 of 2

C: Orderly Development (7)(d)(2)
Joint Commission Accreditation and
Survey Summary

# Methodist Healthcare Memphis Hospitals

Memphis, TN

has been Accredited by



# The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the

# **Hospital Accreditation Program**

April 20, 2013

Accreditation is customarily valid for up to 36 months.

Rebeccald, Patchin, MD.

Chair, Board of Commissioners

Organization ID #: 7874

Print/Reprint Date: 06/19/13

Mark R. Chassin, MD, FACP, MPP, MPH President

The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.











This reproduction of the original accreditation certificate has been issued for use in regulatory/payer agency verification of accreditation by The Joint Commission. Please consult Quality Check on The Joint Commission's website to confirm the organization's current accreditation status and for a listing of the organization's locations of care.



June 11, 2013

Re: # 7874 CCN: #440049

Program: Hospital

Accreditation Expiration Date: April 20, 2016

Gary S. Shorb
President/CEO
Methodist Healthcare Memphis Hospitals
1211 Union Avenue
Memphis, Tennessee 38104

Dear Mr. Shorb:

This letter confirms that your April 15, 2013 - April 19, 2013 unannounced full resurvey was conducted for the purposes of assessing compliance with the Medicare conditions for hospitals through The Joint Commission's deemed status survey process.

Based upon the submission of your evidence of standards compliance on June 03, 2013 and June 04, 2013, the areas of deficiency listed below have been removed. The Joint Commission is granting your organization an accreditation decision of Accredited with an effective date of April 20, 2013. We congratulate you on your effective resolution of these deficiencies.

§482.11 Compliance with Federal, State and Local Laws

§482.13 Patient's Rights

§482.25 Pharmaceutical Services

§482.41 Physical Environment

§482.51 Surgical Services

The Joint Commission is also recommending your organization for continued Medicare certification effective April 20, 2013. Please note that the Centers for Medicare and Medicaid Services (CMS) Regional Office (RO) makes the final determination regarding your Medicare participation and the effective date of participation in accordance with the regulations at 42 CFR 489.13. Your organization is encouraged to share a copy of this Medicare recommendation letter with your State Survey Agency.

This recommendation applies to the following location(s):

Breast Diagnostic Center - Germantown 7945 Wolf River Blvd., Germantown, TN, 38138

Cardiovascular Outpatient Diagnostic Center 7460 Wolf River Blvd., Germantown, TN, 38138

www.jointcommission.org

Headquarters
One Renaissance Boulevard
Oakbrook Terrace, IL 60181

630 792 5000 Voice



Le Bonheur Children's Hospital 848 Adams, Memphis, TN, 38103

Le Bonheur Children's Hospital Audiology 7945 Wolf River Blvd., Germantown, TN, 38138

Le Bonheur Cordova Urgent Care 8035 Club Parkway, Cordova, TN, 38018

Le Bonheur East Diagnostic Center 806 Estate Place, Memphis, TN, 38120

Le Bonheur Urgent Care at Hacks Cross 8071 Winchester Rd., Ste. 2, Memphis, TN, 38125

Le Bonheur Urgent Care East 806 Estate Place, Memphis, TN, 38120

Methodist Comprehensive Wound Healing Center 1251 Wesley Drive, Suite 107, Memphis, TN, 38116

Methodist Diagnostic Center Germantown 1377 South Germantown Rd., Germantown, TN, 38138

Methodist Germantown Radiation Oncology Center 1381 South Germantown Rd., Germantown, TN, 38138

Methodist Healthcare Outpatient Services 100 North Humphreys Blvd., Memphis, TN, 38120

Methodist Healthcare Outpatient Services 1588 Union, Memphis, TN, 38104

Methodist Healthcare Outpatient Services 240 Grandview Drive, Brighton, TN, 38011

Methodist Le Bonheur Germantown Hospital 7691 Poplar Avenue, Germantown, TN, 38138

Methodist North Hospital 3960 New Covington Pike, Memphis, TN, 38128

Methodist Sleep Disorders Center 5050 Poplar Suite 300, Memphis, TN, 38114

www.jointcommission.org

Headquarters

One Renaissance Boulevard Oakbrook Terrace, IL 60181 630 792 5000 Voice



Methodist South Hospital 1300 Wesley Drive, Memphis, TN, 38116

Methodist University Hospital 1265 Union Avenue, Memphis, TN, 38104

MHMH GI Lab - Southwind 3725 Champion Hills Drive, Memphis, TN, 38125

Midtown Diagnostic Center 1801 Union Ave, Memphis, TN, 38104

North Comprehensive Wound Healing Center 3950 New Covington Pike, Memphis, TN, 38128

We direct your attention to some important Joint Commission policies. First, your Medicare report is publicly accessible as required by the Joint Commission's agreement with the Centers for Medicare and Medicaid Services. Second, Joint Commission policy requires that you inform us of any changes in the name or ownership of your organization, or health care services you provide.

Sincerely,

Mark G. Pelletier, RN, MS

Mark Pelletai

Chief Operating Officer

Division of Accreditation and Certification Operations

cc: CMS/Central Office/Survey & Certification Group/Division of Acute Care Services CMS/Regional Office 4/Survey and Certification Staff

C: Proof of Publication

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motice with the Health Services and Development Agency so fairs than those (18) days before the requirity scheduled Health Services and Development Agency meeting at which the epitication is originally scheduled; and (8) Any other person wishbut to appear the epitication must till writing objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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NOTICE OF TRUSTEE'S
WHEREAS, default has occurred in the performance
of the covenants, terms
and conditions of a Deadlo
Trust Note that May 27

Liffle Rock, Arkanasa, 7231 (SD) 2197-9289
W&A No. 1255-24885
EHA No. 867-1787-260
C&31-November 2-787-189
Rovember 22-2013
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WWW.M-FR.COM.and.
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on December 12, 2013 at
1200PM local time, at the
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Kinch, ELP, 3 substitute
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B-ECROPIES

# SUPPORT LETTERS

# MARK H. LUTTRELL, JR. MAYOR

October 16, 2013

State of Tennessee Health Services and Development Agency Frost Building, 3<sup>rd</sup> Floor 161 Rosa L. Parks Blvd. Nashville, TN 37243

To Whom It May Concern:

I am writing to express my support for Le Bonheur Children's Hospital Certificate of Need application. Their plan to open a pediatric outpatient center located on Humphreys Boulevard near Walnut Grove Road in Memphis, Tennessee will improve the health and welfare of the children who need special care.

Le Bonheur is nationally recognized as one of the nation's top children's hospitals. The new outpatient center will be the nearest provider of comprehensive pediatric services within 130 miles. Le Bonheur's main campus is located in downtown Memphis and has multiple office buildings throughout Shelby County. The new facility will provide additional capacity to serve patients in a growing area of Shelby County. Their proposal to consolidate some services into a dedicated pediatric outpatient center will benefit the patients and their families with better access to specialized pediatric care.

Residents of the entire service area, including west Tennessee, north Mississippi and east Arkansas will be served with improved access to pediatric specialty care resources.

I support this proposed new outpatient center and I am committed to working with Le Bonheur to provide quality pediatric care to all children.

Sincerely,

Mark H. Luttrell, Jr.

Mayor



# A C WHARTON, JR. MAYOR

October 22, 2013

Ms. Melanie Hill, Executive Director State of Tennessee Health Services and Development Agency Frost Building, 3<sup>rd</sup> Floor 161 Rosa L. Parks Boulevard Nashville, Tennessee 37243

Dear Director Hill:

The purpose of this letter is to express my support of Le Bonheur Children's Hospital CON to open a pediatric outpatient center located on Humphreys Boulevard near Walnut Grove Road in Memphis, Tenn.

Le Bonheur is nationally recognized as one of the nation's top children's hospitals and is the only provider of tertiary and quaternary care for children within 130 miles. Currently, Le Bonheur provides services at a main campus in downtown Memphis and in multiple office buildings throughout Shelby County. They are proposing to consolidate these services into a dedicated pediatric outpatient center and add the necessary diagnostic and other support services to provide the children through the region with better access to specialized pediatric care. Residents of the entire service area, including West Tennessee, North Mississippi and East Arkansas will benefit from these pediatric services which currently have long wait times and limited points of access. Pediatric specialty care is a scarce resource and the multidisciplinary, specialized pediatric services available at the proposed center are an unduplicated resource in the area.

I support this proposed new outpatient center and am committed to working with Le Bonheur to provide quality pediatric care to all children.

Sincerely,

A C Wharton, Jr.

Mayor

# **DIVERSIFIED TRUST**

COMPREHENSIVE WEALTH MANAGEMENT

State of Tennessee Health Services and Development Agency Frost Building, 3<sup>rd</sup> Floor 161 Rosa L Parks Blvd Nashville, TN 37243

I currently serve as Chairman of the Board of The LeBonheur Children's Hospital Foundation. The purpose of this letter is to express my support of LeBonheur Children's Hospital CON to open a pediatric outpatient center located on Humphreys Blvd near Walnut Grove Rd in Memphis, Tennessee.

LeBonheur is nationally recognized as one of the nation's top children's hospitals and is the only provider of tertiary and quaternary care for children within 130 miles. Currently, LeBonheur provides services at a main campus in downtown Memphis and in multiple office buildings throughout Shelby County. We are proposing to consolidate these services into a dedicated pediatric outpatient center and add other necessary diagnostic support services to provide the children throughout the region with better access to specialized pediatric care. Residents of the entire service area, including west Tennessee, north Mississippi, and east Arkansas will benefit from these pediatric services which currently have long wait times and limited points of access. Pediatric specialty care is a scarce resource and the multidisciplinary, specialized pediatric services available at the proposed center are an unduplicated resource in the area.

I support this proposed new outpatient center and am committed to working with LeBonheur to provide quality pediatric care to all children.

Best regards.

Larry H Bryan, Founder and Birector

Diversified Trust Company 6075 Poplar Avenue, Suite 900

Memphis, TN 38119

901.761.7979

■ GENERAL PEDIATRIC & ADOLESCENT MEDICINE

NOEL K. FRIZZELL, M.D. LANDON B. PENDERGRASS, M.D. JOHN W. ELLIS, III, M.D. VANESSA S. SEPULVEDA, M.D. CHRISTOPHER L. MATHIS, M.D. LEON O. LIVINGSTON, M.D. DAWN H. SCOTT, M.D.

JARA L. BEST, M.D.
MARYBETH H. HUGGINS, M.D.
ANN C. LANKFORD, M.D.
C. BLAKE BERGERON, M.D.
KATHERINE M. ALVORD, M.D.
MARGARET H. WEST, M.D.

November 7, 2013

State of Tennessee Health Services and Development Agency Frost Building, 3<sup>rd</sup> Floor 161 Rosa L. Parks Blvd. Nashville, TN 37243

This letter is written to express my support of the Le Bonheur Children's Hospital CON to open a pediatric outpatient center located on Humphreys Boulevard near Walnut Grove Road in Memphis, Tennessee.

Le Bonheur is nationally recognized as one of the nation's top children's hospitals and is the only provider of tertiary and quaternary care for children within 130 miles. Currently, Le Bonheur provides services at a main campus in downtown Memphis and in multiple office buildings throughout Shelby County. They are proposing to consolidate these services into a dedicated pediatric outpatient center and add the necessary diagnostic and other support services so that children throughout the region will have better access to specialized pediatric care. Residents of the entire service area, including west Tennessee, north Mississippi, and east Arkansas will benefit from these pediatric services which currently have long wait times and limited points of access. Pediatric specialty care is a scarce resource and the multidisciplinary, specialized pediatric services available at the proposed center are an unduplicated resource in the area.

Because I have a general pediatric office near the proposed outpatient center, my patients would greatly benefit from access to these services. I wholeheartedly support this proposed new outpatient center, and I am committed to working with Le Bonheur to provide quality pediatric care to all children.

Sincerely

Noel K. Frizzell

NKF:mmf

www.pedconsultants.com

51 N. DUNLAP • SUITE 410 • MEMPHIS, TN 38105 • PHONE (901) 523-2945 • FAX (901) 523-8488
6215 HUMPHREYS BLVD. • SUITE 200 • MEMPHIS, TN 38120 • PHONE (901) 821-9990 • FAX (901) 821-9991
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A Professional Corporation

WILLIAM C. THRELKELD, M.D. CHARLES N. LARKIN, M.D. ROBERT A. WALKER, M.D. WAYLAND J. HAYES, III M.D. WILLIAM M. FESMIRE, M.D. LELON O. EDWARDS, M.D. SUSAN M. AGUILLARD, M.D. ROBERT H. GUINTER, M.D. HUGH B. SCOTT, M.D. A. MEL SENTER. M.D.

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JENNIFER S. ERDIN, M.D.
LAUREN S. MITCHELL, M.D.
CHARLES W. BAGLEY, CPNP
LINDA R. DININGER, CFNP

State of Tennessee Health Services and Development Agency Frost Building, 3<sup>rd</sup> Floor 161 Rosa L. Parks Blvd. Nashville, TN 37243

To whom it may concern:

The purpose of this letter is to express my support of Le Bonheur Children's Hospital CON to open a pediatric outpatient center located on Humphreys Blvd. near Walnut Grove Rd. in Memphis, Tenn.

Le Bonheur is nationally recognized as one of the nation's top children's hospitals and is the only provider of tertiary and quaternary care for children within 130 miles. Currently, Le Bonheur provides services at a main campus in downtown Memphis and in multiple office buildings throughout Shelby County. They are proposing to consolidate these services into a dedicated pediatric outpatient center and add the necessary diagnostic other support services to provide the children through the region with better access to specialized pediatric care. Residents of the entire service area, including west Tennessee, north Mississippi and east Arkansas will benefit from these pediatric services which currently have long wait times and limited points of access. Pediatric specialty care is a scarce resource and the multidisciplinary, specialized pediatric services available at the proposed center are an unduplicated resource in the area. I support this proposed new outpatient center and am committed to working with Le Bonheur to provide quality pediatric care to all children. We really need this addition to our healthcare system.

Thank you for your consideration in this matter.

Sincerely

Lelon O. Edwards, M.D., F.A.A.P.

**Managing Director** 

2002/2004 Exeter Drive Germantown, TN 38138 (901) 757-3570 / 757-3530 120 Crescent Drive Collierville, TN 38017 (901) 757-3560 8110 Walnut Run Cordova, TN 38018 Phone: (901) 754-9600 8025 Stage Hills Blvd. Bartlett, TN 38133 Phone: (901) 757-3540

#### Mr. and Mrs. Robert Q. Wilson 4287 Amber Lane Memphis, Tennessee 38111

November 7, 2013

Melanie M. Hill, Executive Director State of Tennessee Health Services and Development Agency Frost Building, 3rd Floor 161 Rosa L. Parks Blvd. Nashville, TN 37243

Dear Ms. Hill,

The purpose of this letter is to express our support of Le Bonheur Children's Hospital's Certificate of Need to open a pediatric outpatient center located on Humphreys Blvd. near Walnut Grove Rd. in Memphis, Tennessee.

We have two daughters ages 9 and 6, who have both been patients at Le Bonheur. Our youngest daughter was born with a life-threatening condition that required her to be transferred to Le Bonheur for surgery within hours of her birth. We are thankful each day that Le Bonheur, as one of the nation's top children's hospitals, is a part of our community and can provide the continuing specialized services that she needs. These services are not provided by any other facility in the greater Memphis area. While we live in East Memphis, we have to travel to Le Bonheur's main campus downtown for many diagnostic tests and other services. We have also experienced long wait times for obtaining appointments for our younger daughter. We are pleased that this planned outpatient center will consolidate services provided at other Le Bonheur facilities into a dedicated pediatric outpatient center and also add other diagnostic and support services which will provide our daughters and other children like them with better access to specialized pediatric care.

We support this proposed new outpatient center and as volunteers at Le Bonheur are committed to working with Le Bonheur to provide quality pediatric care to all children.

Thank you for your time and consideration.

Wille

Sincerely,

Robert Q. Wilson

Catherine M. Wilson

Theune Millson

#### **AFFIDAVIT**

and the same of th
STATE OF Tennessee
COUNTY OF Shelby
magical and
being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to
this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-
11-1601, et seq., and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.
The state of the second and bevelopment Agency are true and complete.
Marsin CEO
SIGNATURE/TITLE
Sworn to and subscribed before me this 15th day of Novambor, 2013 a Notary
Public in and for the County/State of Shelby
STATE OF TENNESSEE NOTARY PUBLIC NOTARY PUBLIC
My commission expires 4-06-2014 Dol4 (Year)



# LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal which is a newspaper of general circulation in Shelby County, Tennessee, on or before November 10, 2013 for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Methodist Healthcare-Memphis Hospitals d/b/a Le Bonheur Children's Hospital (a pediatric hospital), owned and managed by Methodist Healthcare-Memphis Hospitals (a not for profit corporation), intends to file an application for a Certificate of Need to establish a pediatric outpatient center and to initiate and acquire new magnetic resonance imaging (MRI) and computed tomography (CT) services and equipment. The facility will be located at 100 North Humphreys Boulevard, Memphis, TN 38120 and will be operated as an outpatient department of Le Bonheur Children's Hospital. The proposed center will be located approximately 12 miles from Le Bonheur Children's Hospital and will include a full array of pediatric outpatient diagnostic, treatment and therapy services. The project involves approximately 26,360 square feet of renovated space. This project does not involve inpatient beds or other services for which a certificate of need is required. The estimated project costs are \$26,798,857.

The anticipated date of filing the application is on or before November 13, 2013. The contact person for this project is Carol Weidenhoffer, Corporate Director of Planning, Research and Business Development, who may be reached at: Methodist Healthcare, 1407 Union Avenue, Suite 300, Memphis, TN, 38104, 901-516-0679.

(Signature) 11/7/2013 Carol.Weidenhoffer@mlh.org (E-mail Address)

The Letter of Intent must be <u>filed in triplicate</u> and <u>received between the first and the tenth</u> day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File

this form at the following address:

\_\_\_\_\_\_\_

Health Services and Development Agency Andrew Jackson Building, 9<sup>th</sup> Floor 502 Deaderick Street Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

HF51 (Revised 01/09/2013 – all forms prior to this date are obsolete)



# State of Tennessee Health Services and Development Agency

Frost Building, 3<sup>rd</sup> Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243 www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

November 20, 2013

Ms. Carol Weidenhoffer Corporate Director of Planning, Research and Business Development Methodist Le Bonheur Healthcare 1407 Union Avenue, Suite 300 Memphis, TN 38104

RE: Certificate of Need Application CN1311-042

Methodist Healthcare Memphis Hospitals - LeBonheur Children's Hospital

Dear Ms. Weidenhoffer:

This will acknowledge our November 13, 20131 receipt of Methodist Healthcare Memphis Hospital's application for a Certificate of Need to establish a pediatric outpatient center and to initiate and acquire a magnetic resonance imaging (MRI) and computed tomography (CT) service and equipment. The facility will be located at 100 North Humphreys Boulevard, Memphis (Shelby County), TN 38120 and will be operated as an outpatient department of Le Bonheur Children's Hospital.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

<u>Please submit responses in triplicate by 12:00 PM, Tuesday, November 26, 2013.</u> If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

#### 1. Section A, (Applicant Profile) Item 1 (Name and Address of Applicant)

Your response is noted. All Certificates of Need are site specific. Please provide a revised first page of the application which accurately identifies the address of the building into which the proposed project will be located.

#### 2. Section A, Applicant Profile, Item 4

Please provide a copy of the applicant's corporate charter from the Tennessee Secretary of State's web-site that indicates the Corporation (Not-for-profit) has an active status. The web-site address is <a href="https://tnbear.tn.gov/Ecommerce/FilingSearch.aspx">https://tnbear.tn.gov/Ecommerce/FilingSearch.aspx</a>

#### 3. Section A, (Applicant Profile) Item 13

The applicant is noted as participating in the Dual Complete (a Special Needs Plan). Please provide additional information regarding this plan and what type of members are enrolled.

#### 4. Section B, Project Description, Item 1

Please clarify the pediatric patient age range this proposed project will serve.

Is there currently a patient waiting list for pediatric MRI services? If so, what is the wait time for an appointment?

The applicant states the wait time for pediatric specialty appointments are well above the national standard. Please indicate what the national standards are for pediatric appointments and where the applicant is not meeting those appointment standards.

If this project is approved, will it attract additional pediatric specialty physicians?

Please clarify if the applicant currently treats pediatric sports injuries such as concussions and orthopedic injuries from local schools as a sports medicine provider. If so, please briefly discuss.

What other pediatric services will be available at other Methodist locations?

#### 5. Section B, Project Description, Item II C.---MRI

There are a number of considerations with the installation of MRIs on an upper floor of a medical office building which may inflate the facility preparation cost estimate. Has consideration been given to?

- a. The influence of the magnetic field in relationship to the activities of the occupants above, below and adjacent to the planned location?
- b. The magnet and its auxiliary equipment may present fairly significant weight loads to the proposed upper floor location. Has an analysis been conducted by a licensed structural engineer to affirm the weight bearing capabilities of the upper floor, will support the proposed loads, particularly in a concentrated area.
- c. Will the capacity of the entryway (and elevator, if applicable) in the building support the weight of the magnet in moving the magnet to its planned location?
- d. Are electrical systems of adequate capacity to support sufficient power to the magnet?
- e. Have facility preparation cost estimates been prepared by a licensed architect and reviewed and verified by a contractor, both of whom have experience with similar installations?

If the answers to all the above questions are yes, please provide your findings in written format. If the answers are no, but further investigation reveals additional expenses above your contingency estimate are required as a result of this project, please reflect those additional expense in revised Project Cost Chart and Projected Data Charts where applicable.

#### 6. Section B, Project Description, Item 11.D.

The applicant states the existing locations have no room for expansion and share space with adult health services. What is the square footage in the three (3) separate locations that is dedicated to pediatric services the applicant proposes to consolidate into one pediatric outpatient center? Please compare the existing square footage in the three (3) existing locations to the proposed square footage of the proposed project.

#### 7. Section B, Project Description, Item 1I.E. 1.b. and Item 1I.E. 3

The applicant states the proposed schedule of operations will be Monday-Friday, 8:00 a.m.-5:00 p.m. With most sporting events for children and adolescents occurring after 5:00 pm, where will children be referred who are in need of services such as an MRI scan as a result of a sports injury?

The MRI vendor quote is noted. However, the vendor quote for purchase could not be found in the agreement, please clarify.

#### 8. Section B, Project Description Item III.B.

According to the plot plan, the parking appears accessible to patients. Please clarify if the parking is an improvement from existing pediatric sites.

# 9. Section C, Need, Item 1.a. (Construction, Renovation, Expansion, and Replacement of Health Care Institutions) Item 3.a

Table 6 of the Pediatric Physician Subspecialist appointment wait times are noted and a support letter in the attachments that indicates long wait times in obtaining appointments at Le Bonheur's main campus. Please clarify the following:

• Is the applicant currently in compliance in providing appointments in the delivery of TENNderCare screens and related services? What are the TENNderCare screens and related services appointment standards?

• Is the applicant in compliance with TennCare standards that state Primary Care Physician or extender appointment standards do not exceed 3 weeks from date of a patient's request for regular appointments and 48 hours for urgent care. (Source: TennCare East/West CRA-May 19, 2008-with Amendment 12 (Effective June 1, 2013, Attachment III General Access Standards)

• Is the applicant in compliance with TennCare standards that state Specialty Care and Emergency Care: Referral appointments to specialists (e.g., specialty physician services, hospice care, home health care, substance abuse treatment, rehabilitation services, etc.) shall not exceed 30

days for routine care or 48 hours for urgent care. (Source: TennCare East/West CRA-May 19, 2008-with Amendment 12 (Effective June 1, 2013, Attachment III General Access Standards)

Please clarify if the applicant is under corrective action for appointment timeliness by any entity.

# 10. Section C, Need, Item 1 (Specific Criteria, Magnetic Resonance Imaging (1.)(a.))

The projected MRI utilization of 1,200 in Year One, 1,350 in Year Two and 1,500 in Year Three is noted. Please indicate when the applicant anticipates the project will meet 2,160 MRI procedures, 2,520 MRI procedures and 2,880 MRI procedures.

#### 11. Section C, Need, Item 1 (Specific Criteria, Magnetic Resonance Imaging (2.)

How will the proposed MRI only effect utilization of other dedicated pediatric MRI units located at Le Bonheur's main campus?

# 12. Section C, Need, Item 1 (Specific Criteria, Magnetic Resonance Imaging (4.) and (7.c)

Table 9 is noted. Please add a column that reflects the percentage increase/decrease in MRI utilization from 2010 to 2012 for the providers listed.

The applicant states the average for MRI volumes per fixed unit is 2,955 in 2012 which is well above the 2,880 threshold. However, the criteria states this only applies when the combined average utilization of existing MRI providers is applied. Please indicate the average MRI volume for all combined MRI units in 2012.

The applicant states medical emergencies will be transported 12 miles from the proposed outpatient center to LeBonheur Children's Hospital. What is the travel time during high traffic times? Please clarify if high risk patients will receive services at the proposed site or at LeBonheur's Children's Hospital.

# 13. Section C, Need, Item 1.a. (Service Specific Criteria (Specific Criteria, Magnetic Resonance Imaging) Item 9.a.

The applicant notes 9.a. is not applicable. Please clarify if there are no medically underserved areas as designated by the United States Health Resources and Services Administration in the proposed service area.

#### 14. Section C. (Need) Item 3.

Please provide a map of the entire state of Tennessee designating the applicant's declared service area counties. Please provide distinctive highlighting/markings to readily differentiate the service area counties from the other non-service area counties.

#### 15. Section C. (Need) Item 4 (Socio-Demographic Information of the Service Area)

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area.

Variable	Shelby	Fayette	Tipton	DeSoto	Marshall	Service	Tennessee
	County	County	County	County	County	Area	
Current Year (CY),							
Age 65+							
Projected Year (PY),							
Age 65+							
Age 65+, % Change							
Age 65+, % Total							
(PY)							
CY, Total Population							
PY, Total Population							
Total Pop. % Change							
TennCare Enrollees							
TennCare Enrollees							
as a % of Total							
Population							
Median Age							
Median Household							
Income							
Population % Below							
Poverty Level							

#### 16. Section C. (Need) Item 5.

Please describe approved but unimplemented CONs for MRI services in the proposed service area.

#### 17. Section C. (Economic Feasibility) Question 3

Please compare the hospital cost per square foot to the following hospital construction CON approved application for years 2010 through 2012:

#### Hospital Construction Cost Per Square Foot Years: 2010-2012

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$99.12/sq. ft.	\$234.64/sq. ft.	\$167.99/sq. ft.
Median	\$177.60/sq. ft.	\$259.66/sq. ft.	\$235.00/sq. ft.
3rd Quartile	\$249.00/sq. ft.	\$307.80/sq. ft.	\$274.63/ sq. ft.

#### 18. Section C. (Economic Feasibility) Question 4 (Projected Data Chart)

Ms. Carol Weidenhoffer November 20, 2013 Page 6

Please provide a projected Data Chart for the proposed pediatric outpatient center only.

Please provide a Projected Data Chart for the Proposed MRI unit only.

The Projected Data Chart for Le Bonheur Children's Hospital is noted. Please complete the following tables and place the tables on a separate page labeled 37A to be located after the Projected Data Chart for Le Bonheur Children's Hospital:

#### PROJECTED DATA CHART-OTHER OPERATING REVENUE

OTHER OP	ERATING RE	VENUE CATI	EGORIES
	Year	Year	
1.	\$	\$	
2.	1		
3.			
4.			
5.			
<u>6</u> .			
7.	(i		
Total Other Operat	ting Revenue	\$	\$

#### PROJECTED DATA CHART-OTHER EXPENSES

OTHER E	XPENSES CA	ATEGORIES
	Year	Year
1.	\$	\$
2.		
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$\frac{4}{2}$ .	( <del></del>	
5.	-	
6. 7	×	-
/.	ā	
Total Other Expenses	\$	\$

#### 19. Section C. (Economic Feasibility) Question 5

The average gross charge, average deduction and average net charge are noted. However, it is unclear if this is calculated by total patient stay or patient days. Also, please re-verify calculations.

#### 20. Section C. (Economic Feasibility) Question 6.B

Please compare the MRI and CT Gross Charges per Procedure/Treatment by quartiles for years 2010 through 2012 using the following table:

Gross Charges per Procedure/Treatment By Quartiles YEAR = 2012

Equipment Type	1st Quartile	Median	3rd Quartile		
CT Scanner	\$887.60	\$1,735.40	\$2,680.89		
Linear Accelerator	\$849.62	\$1,077.79	\$1,406.21		
Lithotripter	\$8,200.00	\$12,288.61	\$17,237.00		
MRI	\$1,598.11	\$2,129.25	\$3,321.60		
PET Scanner \$3,667.96 \$4,497.71 \$6,304.71					
Source: Medical Equipment Registry - 6/28/2013					

#### 21. Section C. (Economic Feasibility) Question 9

The patient mix during the first full year of operation is noted. The patient payor mix appears to be for Le Bonheur Children's Hospital overall. Please provide a table of the Projected Data Mix for Year 2016 specific to the proposed project.

#### 22. Section C, Contribution to Orderly Development, Item 3.

Table 17 is noted. Please confirm table 17 is the staffing pattern specific to the proposed project? If not, please provide.

#### 23. Section C, Contribution to Orderly Development, Item (d)

The applicant has provided documentation regarding licensure deficiencies and an approved plan of action. However, please provide documentation the plan of action was accepted by the Tennessee Department of Health, West Tennessee Health Care Facilities.

#### 24. Proof of Publication

Please provide a more legible copy of the proof of publication.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." For this application the sixtieth (60th) day after written notification is January 17, 2014. If this application is not deemed complete by this date, the application will be deemed void. Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be

Ms. Carol Weidenhoffer November 20, 2013 Page 8

delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A.  $\Rightarrow$  68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip M. Earhart HSD Examiner

Enclosure/PME



# State of Tennessee Health Services and Development Agency

Frost Building, 3<sup>rd</sup> Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243 www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

November 26, 2013

Ms. Carol Weidenhoffer Corporate Director of Planning, Research and Business Development Methodist Le Bonheur Healthcare 1407 Union Avenue, Suite 300 Memphis, TN 38104

RE: Certificate of Need Application CN1311-042

Methodist Healthcare Memphis Hospitals - LeBonheur Children's Hospital

Dear Ms. Weidenhoffer:

This will acknowledge our November 26, 2013 receipt of Methodist Healthcare Memphis Hospital's supplemental response for a Certificate of Need to establish a pediatric outpatient center and to initiate and acquire a magnetic resonance imaging (MRI) and computed tomography (CT) service and equipment. The facility will be located at 100 North Humphreys Boulevard, Memphis (Shelby County), TN 38120 and will be operated as an outpatient department of Le Bonheur Children's Hospital.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

<u>Please submit responses in triplicate by 12:00 PM, Wednesday, November 27, 2013.</u> If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section C, Need, Item 1 (Specific Criteria, Magnetic Resonance Imaging (4.) and (7.c)

The revision to Table 9 is noted. However, please add a column that reflects the percentage increase/decrease in MRI utilization from 2010 to 2012 for the providers listed.

2. Section C. (Economic Feasibility) Question 4 (Projected Data Chart)

The Projected Data Chart for Le Bonheur Children's Hospital is noted. Please complete the following tables and place the tables on a separate page labeled 37A to be located after the Projected Data Chart for Le Bonheur Children's Hospital:

### PROJECTED DATA CHART-OTHER OPERATING REVENUE

OTHER OP		VENUE CATE	EGORIES
1	Year	Year	
2.	Φ	Φ	
3.			
4.	÷	-	
5. 6			
7.			
T + 104 0	. D	ф	Ф
Total Other Operat	\$	\$	

### PROJECTED DATA CHART-OTHER EXPENSES

OTHER EX	PENSES CATI	
4	Year	Year
1.	\$	\$
2.		
3.		
4.		-
5.		
6. 7	-	-
7.		
Total Other Expenses	\$	\$

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." For this application the sixtieth (60<sup>th</sup>) day after written notification is January 17, 2014. If this application is not deemed complete by this date, the application will be deemed void. Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the <u>next review cycle</u>, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first

Ms. Carol Weidenhoffer November 26, 2013 Page 3

day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A.  $\Rightarrow$  68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Phillip M. Earhart HSD Examiner

Phillip M. Garhant

Enclosure/PME

## COPY-SUPPLEMENTAL-1

LeBonheur Children's Hosp.Pediatric

CN1311-042

TRAUGER & TUKE

ATTORNEYS AT LAW

THE SOUTHERN TURF BUILDING

222 FOURTH AVENUE NORTH

NASHVILLE, TENNESSEE 37219-2117

TELEPHONE (615) 256-8585 TELECOPIER (615) 256-7444 SUPPLEMENTAL- # 1 November 26, 2013 11:50am

November 26, 2013

### VIA HAND DELIVERY

Ms. Melanie Hill Executive Director State of Tennessee Health Services & Development Agency 502 Deaderick Street, 9<sup>th</sup> Floor Nashville, TN 37243

RE:

Response to Supplemental Questions to Le Bonheur Children's Hospital

Pediatric Outpatient Center

Certificate of Need – CN1311-042

Dear Ms. Hill,

Enclosed please find a Supplemental Response, in triplicate, to be filed on behalf of my client Methodist Healthcare Le Bonheur Children's Hospital. Please date stamp the additional enclosed copy of the Response and return it to me.

Thank you for your assistance.

Very truly yours,

Byton R. Trauger

BRT:kmn

Enclosures

Cc: Carol Weidenhoffer (via email)

November 26, 2013 11:50am

### LE BONHEUR CHILDREN'S HOSPITAL

# SUPPLEMENTAL RESPONSE CN1311-042 PEDIATRIC OUTPATIENT CENTER MEMPHIS, SHELBY COUNTY

Filed November 2013

### 1. Section A, (Applicant Profile) Item 1 (Name and Address of Applicant)

Your response is noted. All Certificates of Need are site specific. Please provide a revised first page of the application which accurately identifies the address of the building into which the proposed project will be located.

Please see Attachment 1 for the revised first page with the corrected address for this project. The address originally listed was the address for Le Bonheur Children's Hospital.

#### 2. Section A, Applicant Profile, Item 4

Please provide a copy of the applicant's corporate charter from the Tennessee Secretary of State's web-site that indicates the Corporation (Not-for-profit) has an active status. The web-site address is https://tnbear.tn.gov/Ecommerce/FilingSearch.aspx

Please see Attachment 2 for the document from the Tennessee Secretary of State's website showing Methodist Healthcare-Memphis Hospitals' active status. The applicant, Methodist Healthcare-Memphis Hospitals (Methodist), is a not-for-profit corporation that operates five Shelby County hospitals under a single license – including Le Bonheur Children's Hospital which this application addresses.

#### 3. Section A, (Applicant Profile) Item 13

The applicant is noted as participating in the Dual Complete (a Special Needs Plan). Please provide additional information regarding this plan and what type of members are enrolled.

The United Healthcare Special Needs plan is "a type of Medicare Advantage plan for people who receive both Medicare and Medicaid (also referred to as "dual eligible")." The plan "combines all the benefits of Original Medicare (Part A and B) with prescription drug coverage (Part D)." "Many plans have \$0 to low monthly premium, beyond what you pay for Part B. Depending on the specific plan, benefits may also include care coordination, routine vision and dental coverage, credits to purchase everyday health items like vitamins, first aid supplies, and dental care products, and transportation to your medical appointments." (source: https://www.uhcmedicaresolutions.com/health-plans/special-needs.html)

#### 4. Section B, Project Description, Item 1

Please clarify the pediatric patient age range this proposed project will serve.

Ages 0-18

### Is there currently a patient waiting list for pediatric MRI services? If so, what is the wait time for an appointment?

Yes, wait time for an MRI appointment is currently 2 days. The proposed outpatient center will add capacity for pediatric subspecialty clinics and multidisciplinary clinics. The significant growth in number of physicians and visits justifies the need to add diagnostic and therapeutic capacity in the eastern market. Additionally, the proposed MRI will provide immediate access for patients in the same location with the pediatric subspecialty physician offices and will offer an additional, convenient access point for patients and families in the service area.

The applicant states the wait time for pediatric specialty appointments are well above the national standard. Please indicate what the national standards are for pediatric appointments and where the applicant is not meeting those appointment standards.

Two weeks is the prevailing standard for pediatric specialty appointments. This standard was used as the benchmark in a 2010 pediatric specialist workforce study by the National Association of Children's Hospitals and Related Institutions (NACHRI) and is commonly referenced by the American Academy of Pediatrics as the benchmark for access to pediatric specialty care.

Current physician office space in the existing locations is approaching capacity as evidenced by clinic appointment wait times noted below (as shown in the originally filed application):

TABLE 1
PEDIATRIC PHYSICIAN SUBSPECIALIST WAIT TIMES

Clinic to be located in the proposed Outpatient Center	Current average days to 3 <sup>rd</sup> next available appointment at existing locations
Pediatric Allergy	35
Pediatric Cardiology	34
Pediatric Endocrinology	70
Pediatric Gastroenterology	62
Genetics	64
Pediatric Nephrology	65
Pediatric Neurology	49
Otolaryngology	33
Pediatric Pulmonology	57
Pediatric Surgery, General	18
Pediatric Urology	49

The outpatient center will supply additional capacity for appointments with the goal of reducing wait times.

#### If this project is approved, will it attract additional pediatric specialty physicians?

Yes. Le Bonheur's long-range plan is to transform the main campus location into a center for highly specialized tertiary and quaternary pediatric care with a focus on academics and research. With the approval of this project, Le Bonheur will be able to offer additional access for outpatient services and open up space at the main campus to further academic and research efforts. Robust clinical, academic and research programs are highly attractive to top pediatric specialty physicians.

November 26, 2013 11:50am

Please clarify if the applicant currently treats pediatric sports injuries such as concussions and orthopedic injuries from local schools as a sports medicine provider. If so, please briefly discuss.

Sports and orthopedic injuries are commonly treated in Le Bonheur's Emergency Department, where children have access to full orthopaedic, neurological and neurosurgical capabilities. Le Bonheur provides all pediatric orthopaedic services in partnership with Campbell Clinic Orthopaedics. Campbell Clinic offers a comprehensive sports medicine outpatient program.

#### What other pediatric services will be available at other Methodist locations?

Other Methodist locations will continue to provide some emergency and urgent care services to pediatric patients. A pediatric inpatient unit is available at Methodist Le Bonheur Germantown Hospital and neonatal intensive care services are available at Methodist South Hospital and Methodist Germantown Hospital.

#### 5. Section B, Project Description, Item II C.---MRI

There are a number of considerations with the installation of MRIs on an upper floor of a medical office building which may inflate the facility preparation cost estimate. Has consideration been given to?

- a. The influence of the magnetic field in relationship to the activities of the occupants above, below and adjacent to the planned location?
- b. The magnet and its auxiliary equipment may present fairly significant weight loads to the proposed upper floor location. Has an analysis been conducted by a licensed structural engineer to affirm the weight bearing capabilities of the upper floor, will support the proposed loads, particularly in a concentrated area.
- c. Will the capacity of the entryway (and elevator, if applicable) in the building support the weight of the magnet in moving the magnet to its planned location?
- d. Are electrical systems of adequate capacity to support sufficient power to the magnet?
- e. Have facility preparation cost estimates been prepared by a licensed architect and reviewed and verified by a contractor, both of whom have experience with similar installations?

If the answers to all the above questions are yes, please provide your findings in written format. If the answers are no, but further investigation reveals additional expenses above your contingency estimate are required as a result of this project, please reflect those additional expense in revised Project Cost Chart and Projected Data Charts where applicable.

Yes. All of the above considerations were taken into account and included in the Project Costs. Please see Attachment 3 for the letter confirming this from the architect. Also, note that The West Clinic is now the tenant in the proposed site at 100 North Humphreys Boulevard. Methodist houses adult PET/CT, CTs and an MRI on the first floor of this building currently. Le Bonheur proposes to locate the MRI and CT on the first floor as

November 26, 2013 11:50am

well. The structure and systems are adequate. The renovations will reconfigure the space for pediatrics and the new equipment.

### 6. Section B, Project Description, Item 11.D.

The applicant states the existing locations have no room for expansion and share space with adult health services. What is the square footage in the three (3) separate locations that is dedicated to pediatric services the applicant proposes to consolidate into one pediatric outpatient center? Please compare the existing square footage in the three (3) existing locations to the proposed square footage of the proposed project.

The pediatric outpatient center will consolidate existing pediatric services currently located in three separate locations throughout the eastern service area. The three ambulatory sites have the following square footage. There is no room at these sites for this consolidation of pediatric services.

- Outpatient rehab services will move from Poplar Avenue in Germantown, Tennessee.
   These services are in the Germantown Annex building with a total of 4,500 square feet.
- Pediatric subspecialty physician offices and the affiliated diagnostic services will move from Estate Place in Memphis, Tennessee. These services are in 7,400 square feet of space with no room for expansion.
- Pediatric subspecialty physician offices and the affiliated audiology services and pulmonary diagnostics will move from Wolf River Boulevard in Germantown, Tennessee. These services are in the building that Methodist proposed to re-purpose for the West Cancer Center (CN1311-043 filed at the same time). Currently, these services utilize 10,900 square feet in that building.

#### 7. Section B, Project Description, Item 1I.E. 1.b. and Item 1I.E. 3

The applicant states the proposed schedule of operations will be Monday-Friday, 8:00 a.m.-5:00 p.m. With most sporting events for children and adolescents occurring after 5:00 pm, where will children be referred who are in need of services such as an MRI scan as a result of a sports injury?

As previously mentioned, Le Bonheur's orthopedic services are provided by Campbell Clinic Orthopaedics. Campbell Clinic offers after-hours clinics for sports injuries in children. Additionally, Le Bonheur emergency services are available 24 hours a day, 7 days a week at the Le Bonheur Children's Hospital and the Methodist Le Bonheur Germantown Hospital. For emergency situations, Le Bonheur Children's Hospital offers access to comprehensive orthopedic, neurological and neurosurgical services for sports injuries.

The MRI vendor quote is noted. However, the vendor quote for purchase could not be found in the agreement, please clarify.

Per Methodist's purchasing department, vendors use the terms purchase agreement and proposal interchangeably. The quote is a quote for purchase and the price is valid if the project is approved. Please see the quote attached as Attachment 4.

8. Section B, Project Description Item III.B.

According to the plot plan, the parking appears accessible to patients. Please clarify if the parking is an improvement from existing pediatric sites.

Le Bonheur's main campus has a parking shortage and is currently planning for a new parking garage to alleviate overcrowding. Parking at the proposed location will be much more convenient for patients and families. Parking is located immediately adjacent to the building with a short walk to the main entrance.

9. Section C, Need, Item 1.a. (Construction, Renovation, Expansion, and Replacement of Health Care Institutions) Item 3.a

Table 6 of the Pediatric Physician Subspecialist appointment wait times are noted and a support letter in the attachments that indicates long wait times in obtaining appointments at Le Bonheur's main campus. Please clarify the following:

• Is the applicant currently in compliance in providing appointments in the delivery of TENNderCare screens and related services? What are the TENNderCare screens and related services appointment standards?

Primary care is not included in the wait times noted in Table 6 (which is also repeated as Table 1 in response to question #4 above) of the original application. Le Bonheur primary care providers provide appointments in accordance with the TENNderCare guidelines for all patients seen in primary care clinics.

Is the applicant in compliance with TennCare standards that state Primary Care Physician or extender appointment standards do not exceed 3 weeks from date of a patient's request for regular appointments and 48 hours for urgent care. (Source: TennCare East/West CRA-May 19, 2008-with Amendment 12 (Effective June 1, 2013, Attachment III General Access Standards)

As stated above, primary care appointments do not exceed 3 weeks from date of patient's request for regular appointments or 48 hours for urgent care.

• Is the applicant in compliance with TennCare standards that state Specialty Care and Emergency Care: Referral appointments to specialists (e.g., specialty physician services, hospice care, home health care, substance abuse treatment, rehabilitation services, etc.) shall not exceed 30 days for routine care or 48 hours for urgent care. (Source: TennCare East/West CRA-May 19, 2008-with Amendment 12 (Effective June 1, 2013, Attachment III General Access Standards)

Many of our pediatric subspecialty appointment times exceed acceptable standards. As noted in the original application, Le Bonheur strives to achieve the benchmark of 14 days to third next available appointment.

Capacity for appointments is limited at the existing locations, and thus requires additional space to lower wait times. The proposed outpatient center would add significant capacity to subspecialty physician clinics as noted in Tables 4 and 5 of the original application (repeated here as Tables 2 and 3 for convenience). We believe that this additional capacity and continued recruitment is necessary to reduce wait times and meet the needs of patients and families in the service area.

TABLE 2
ADDITIONAL CAPACITY FOR MEDICAL SPECIALTIES

Medical physician office visits						
Current Projected Change % Change						
Rooms	13	21	8	62%		
Visits	8,975	14,498	5,523	0270		

TABLE 3
ADDITIONAL CAPACITY FOR SURGICAL SPECIALTIES

Surgical physician office visits					
	Current	Projected	Change	% Change	
Rooms	16	19	3	19%	
Visits	6,953	8,257	1,304	1970	

Please clarify if the applicant is under corrective action for appointment timeliness by any entity.

Le Bonheur is not under corrective action for appointment timeliness by any entity.

#### 10. Section C, Need, Item 1 (Specific Criteria, Magnetic Resonance Imaging (1.)(a,))

The projected MRI utilization of 1,200 in Year One, 1,350 in Year Two and 1,500 in Year Three is noted. Please indicate when the applicant anticipates the project will meet 2,160 MRI procedures, 2,520 MRI procedures and 2,880 MRI procedures.

The project will meet the specified MRI procedure utilization in years 6, 7, and 8. Projected MRI Procedures for Le Bonheur Pediatric Outpatient Center.

Year 6 - 2,200

Year 7 - 2,500

Year 8 - 2.900

#### 11. Section C, Need, Item 1 (Specific Criteria, Magnetic Resonance Imaging (2.)

How will the proposed MRI only effect utilization of other dedicated pediatric MRI units located at Le Bonheur's main campus?

Other providers of MRI services are not equipped to treat complex pediatric patients or young children requiring sedation. These patients can currently only be scanned at Le Bonheur's main campus. We anticipate that some of these patients will choose to have scans at the proposed outpatient center, based on convenience. This shift will impact the utilization of Le Bonheur's dedicated pediatric MRI units and will open capacity for emergent and highly specialized scans at the main campus.

12. Section C, Need, Item 1 (Specific Criteria, Magnetic Resonance Imaging (4.) and (7.c)

Table 9 is noted. Please add a column that reflects the percentage increase/decrease in MRI utilization from 2010 to 2012 for the providers listed.

The applicant states the average for MRI volumes per fixed unit is 2,955 in 2012 which is well above the 2,880 threshold. However, the criteria states this only applies when the combined average utilization of existing MRI providers is applied. Please indicate the average MRI volume for all combined MRI units in 2012.

Please see Table 4 (copy of Table 9 from originally filed application) with changes as requested. Please note the total and subtotal increase/decrease in utilization could not be computed for 2010-2012 due to missing procedure counts for the Mississippi facilities. The difference between 2010-2011 was also added for reference to note the trends.

The chart excludes the Le Bonheur interoperative MRI (iMRI) which serves a very unique purpose The iMRI unit is used in the neurosurgery operating room. Methodist - Le Bonheur has one of the largest pediatric brain tumor surgical programs in the nation. This equipment is used to assist neurosurgeons in epilepsy surgeries and the resection of brain tumors. The iMRI affords the possibility of more accurate and complete resections while decreasing the risk of additional surgery and complications. While the iMRI is pivotal in brain tumor and epilepsy surgery, it may also be utilized for intra-cranial cyst surgery, brain biopsy, catheter placement and intra-cranial vascular surgery. The iMRI serves a very unique patient population and limited volume, it allows for increased surgical success and therefore increased length of survival for children with brain tumor. In 2011, there were 64 procedures performed and 68 in 2012. Including these volumes and equipment, the average procedures per unit (40 units) in 2012 is 2,743 and 2, 874 per unit (36 units) excluding St. Jude Children's Hospital.

The combined average utilization of existing fixed MRI units in the service area excluding this highly specialized iMRI unit is 2,938 in 2010 and 2011 and 2,812 in 2012 based on the State Equipment Registry data. Yet, St. Jude Children's Research Hospital is an internationally recognized center of excellence dedicated to research and treatment for children with cancer and other catastrophic diseases. St. Jude is caring for a unique population of patients. Excluding St. Jude's volumes and equipment from the market calculation, the average for MRI volumes per fixed unit is 2,955 in 2012 which is well above the 2,880 threshold.

The Fayette mobile MRI falls under different guidelines of 600 procedures per year for this equipment that is operated one day per week. These volumes are below that threshold.

November 26, 2013 11:50am

TABLE 4 UTILIZATION OF MRI EQUIPMENT, 2010-2012

	2010		2011		2012	2		
Fixed Equipment	Proc	# Units	Proc	# Units	Proc	# Units	Change 2010-2011	Change 2010-2012
Hospital-Based Equipment								
Baptist Memorial - Collierville	1,941	1	1,891	1	1,734	1	-50	-207
Baptist Memorial - Memphis	11,517	3	12,052	3	11,913	3	535	396
Baptist Rehab - Germantown	1,702	1	1,622	1	1,596	1	-80	-106
Baptist Rehab - Briarcrest	370	1	585	1	650	1	215	280
Delta Medical Center	880	1	1,006	1	787	1	126	-93
Le Bonheur Children's **	3,856	2	4,599	2	5,289	2	807	1,433
Methodist Germantown	8,313	2	7,698	2	6,557	2	-615	-1,756
Methodist South	3,536	1	4,073	1	4,139	1	537	603
Methodist North	6,359	2	6,058	2	6,092	2	-301	-267
Methodist University	9,136	3	9,677	3	9,803	3	541	667
Regional Medical Center	3,733	1	3,927	1	4,491	1	194	758
St. Francis Hospital	6,159	3	5,482	3	5,393	3	-677	-766
St. Francis Hospital – Bartlett	3,030	1	3,257	2	3,642	2	227	612
St. Jude Children's Research	9,467	3	10,031	3	6,241	4	564	-3,226
Baptist Memorial – Tipton	1,213	1	1,143	1	1,265	1	-70	52
Baptist Memorial – DeSoto	7,798	3	7,366	3	N/A	N/A	-432	N/A
Non-Hospital-Based Equipmen	t							
Campbell Clinic-Union (open'10)	64	1	2,290	1	2,155	1	2,226	2,091
Campbell Clinic	8,081	1	6,502	1	6,321	1	-1,579	-1,760
Diagnostic Imaging - Memphis	4,540	1	6,358	1	6,538	1	1,818	1,998
MSK Group - Covington Pike	3,420	1	3,096	1	3,140	1	-324	-280
MSK Group PC - Briarcrest **	4,043	-	4,508	-	4,489	9	465	446
Neurology Clinic, PC	3,370	1	3,168	1	3,160	1	-202	-210
Outpatient Dx Center of Mphs	2,389	1	2,207	1	2,214	1	182	-175
Park Avenue Diagnostic Center	3,857	2	3,080	2	2,681	2	-777	-1,176
Semmes-Murphey Clinic	7,327	2	7,300	2	6,490	2	-27	-837
Wesley Neurology Clinic **	1,393	275	1,398	-	1,309	-	5	-84
West Clinic, P.C	1,304	1	1,662	1	1,564	11	358	260
Carvel Imaging - Olive Branch	2,544	1	2,098	1	N/A	N/A	-446	N/A
Carvel Imaging – Southaven	2,412	1	2,307	1	N/A	N/A	-105	N/A
DeSoto Imaging Specialists	2,587	1	2,825	1	N/A	N/A	238	N/A
Subtotal Fixed Equipment	126,341	43	129,266	44	109,653	39	2,925	N/A
Avg Proc per Unit	2,938		2,938		2,812			
Subtotal Fixed w/out St.Jude	116,874	40	119,235	41	103,412	35	2,361	N/A
Avg Proc per Unit w/o StJude	2,922		2,908		2,955			

	2010		2011		2012			
Mobile Equipment	Proc	# Units	Proc	# Units	Proc	# Units	Change 2010- 2011	Change 2010-2012
Methodist Healthcare - Fayette	373	_11	324	1	271	1		-102
Source: Medical Equipment I *Note: Le Bonheur Children's I Volumes for the iMRI are exclu	Hospital has two						cifically for neur	rosurgery.
** Note: Baptist Rehab Briarcr with Wesley Neurology Clinic,				-				

The applicant states medical emergencies will be transported 12 miles from the proposed outpatient center to LeBonheur Children's Hospital. What is the travel time during high traffic times? Please clarify if high risk patients will receive services at the proposed site or at LeBonheur's Children's Hospital.

Average travel time from the proposed outpatient center to Le Bonheur Children's Hospital is 26 minutes for non-emergency situations and 20 minutes for emergency situations. Le Bonheur's dedicated pediatric transport team is available for transport 24 hours a day, 7 days a week. Patients with extremely high-risk situations will be treated at the main campus where a full complement of support services are available.

### 13. Section C, Need, Item 1.a. (Service Specific Criteria (Specific Criteria, Magnetic Resonance Imaging) Item 9.a.

The applicant notes 9.a. is not applicable. Please clarify if there are no medically underserved areas as designated by the United States Health Resources and Services Administration in the proposed service area.

While the proposed site of this project is not located in a medically underserved area, there are designated areas in the service area that are deemed underserved by the United States Health Resources and Services Administration.

The Index of Medical Underserviced (IMU) is a score that "involves four variables - ratio of primary medical care physicians per 1,000 population, infant mortality rate, percentage of the population with incomes below the poverty level, and percentage of the population age 65 or over. The value of each of these variables for the service area is converted to a weighted value, according to established criteria. The four values are summed to obtain the area's IMU score." Service areas with an IMU of 62.0 or less are designated as a medically underserved area. (source: <a href="http://www.hrsa.gov/shortage/mua/index.html">http://www.hrsa.gov/shortage/mua/index.html</a>)

There are 59 census tracts (geographic regions defined for taking census) in Shelby County that are underserved. These areas are in central, north and south Memphis which is one of many reasons that Methodist maintains a hospital and ambulatory presence in all quadrants of the county including Methodist University, Methodist North, and Methodist South in addition to Le Bonheur Children's Hospitals.

November 26, 2013 11:50am

All of the other counties in the service are designated as underserved: Fayette County's IMU is 32.80 and Tipton County's is 44.90, DeSoto County's is 47.40, and Marshall County's is 26.70. The Pediatric Outpatient Center will provide a full array of pediatric outpatient diagnostic, treatment and therapy services to the entire service area.

#### 14. Section C. (Need) Item 3.

Please provide a map of the entire state of Tennessee designating the applicant's declared service area counties. Please provide distinctive highlighting/ markings to readily differentiate the service area counties from the other non- service area counties.

Please see Attachment 5 for another Service Area map showing the entire state of Tennessee and designating Shelby, Fayette and Tipton counties in Tennessee, and DeSoto and Marshall counties in Mississippi.

### 15. Section C. (Need) Item 4 (Socio-Demographic Information of the Service Area)

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area.

Variable	Shelby	Fayette	Tipton	DeSoto	Marshall	Service	Tennessee
	County	County	County	County	County	Area	
Current Year (CY),							
Age 65+							
Projected Year (PY),							
Age 65+							
Age 65+, % Change							
Age 65+, % Total (PY)							
CY, Total Population							
PY, Total Population							
Total Pop. % Change							
TennCare Enrollees							
TennCare Enrollees as							
a % of Total							
Population							
Median Age							1
Median Household							
Income							
Population % Below							
Poverty Level							

Please see Attachment 6 for the completed table for the proposed service area including Shelby, Fayette and Tipton counties in Tennessee, and DeSoto and Marshall counties in Mississippi.

#### 16. Section C. (Need) Item 5.

Please describe approved but unimplemented CONs for MRI services in the proposed service area.

There is an unimplemented CON for MRI services in Shelby County, TN. Baptist Memorial Hospital for Women has an outstanding CON (CN1211-058) which was approved for the construction of a pediatric emergency department and the acquisition of an MRI. The equipment will be relocated from the adult Baptist Memorial-Memphis Hospital after they replace an existing unit. Baptist will increase the number of MRIs by one with his project.

As noted in the original application, the expertise of Le Bonheur's pediatric providers is unduplicated in the market, and the outpatient center will increase availability of these specialized pediatric services in a location convenient for patients and families. Adequate preparation of children for diagnostic procedures, including MRI, is vital to good outcomes. Sedation is commonly required, and the only existing facility currently capable of providing outpatient sedation for complex pediatric patients at this time is at Le Bonheur. Yet, outpatient diagnostic services at the hospital are shared with acute inpatients and emergency patients. Other local providers are currently not equipped to provide outpatient MRI services to complex pediatric patients or sedation to young children.

### 17. Section C. (Economic Feasibility) Question 3

Please compare the hospital cost per square foot to the following hospital construction CON approved application for years 2010 through 2012:

#### Hospital Construction Cost Per Square Foot Years: 2010-2012

St. 131 HONDER	Renovated	New	Total
	Construction	Construction	Construction
1st			
Quartile	\$99.12/sq. ft.	\$234.64/sq. ft.	\$167.99/sq. ft.
Median	\$177.60/sq. ft.	\$259.66/sq. ft.	\$235.00/sq. ft.
3rd			
Quartile	\$249.00/sq. ft.	\$307.80/sq. ft.	\$274.63/ sq. ft.

The construction costs per square foot are reasonable and comparable to similar CON projects approved for 2010 – 2012. See Table 5 below for the comparison of renovated construction costs – there are no new construction costs. The renovated costs are between the 1<sup>st</sup> Quartile and Median and total costs are below the 1<sup>st</sup> Quartile comparisons.

November 26, 2013 11:50am

TABLE 5
CONSTRUCTION COSTS COMPARISON

	Renovated Construction	Total Construction
Construction Costs / Square Foot	\$151.46	\$151.46
Construction + Contingency Costs / Square Foot	\$166.61	\$166.61
Comparison	Between 1 <sup>st</sup> Quartile and Median	Below 1 <sup>st</sup> Quartile

### 18. Section C. (Economic Feasibility) Question 4 (Projected Data Chart)

Please provide a projected Data Chart for the proposed pediatric outpatient center only.

Please see Attachment 7 for the Projected Data Chart and Other Operating Revenue and Expense detail for the proposed Pediatric Outpatient Center only.

Please provide a Projected Data Chart for the Proposed MRI unit only.

Please see Attachment 8 for the Projected Data Chart and Other Operating Revenue and Expense detail for the proposed Cancer Center only.

The Projected Data Chart for Le Bonheur Children's Hospital is noted. Please complete the following tables and place the tables on a separate page labeled 37A to be located after the Projected Data Chart for Le Bonheur Children's Hospital:

### PROJECTED DATA CHART-OTHER OPERATING REVENUE OTHER OPERATING REVENUE CATEGORIES

	Year	Year	
1.	\$	\$	
2.			
3.			
4.			
5.			
6.			
7.	· · · · · · · · · · · · · · · · · · ·	*	
Total Other Ope	erating Revenue	\$	\$

November 26, 2013 11:50am

### PROJECTED DATA CHART-OTHER EXPENSES OTHER EXPENSES CATEGORIES

	Year	Year
1.	\$	\$
2.	-	-
3.		
4.		1
5.		
6.		
7.		
Total Other Expenses	\$	\$

### 19. Section C. (Economic Feasibility) Question 5

The average gross charge, average deduction and average net charge are noted. However, it is unclear if this is calculated by total patient stay or patient days. Also, please re-verify calculations.

Please see Attachment 9 for a revised calculation of Net Revenue for the Le Bonheur Children's Hospital Projected Data Chart in the originally filed application. There were typos in the original formula and an incorrect factor was used. This calculation which is repeated here for convenience is using patient days and the first full year's projected data.

The average gross charge and deduction amounts below are calculated using patient days.

Average Gross Charge	\$ 17,418
Average Deduction	12,013
Average Net Charge	\$ 5,405

Using the Pediatric Outpatient Center Project only statements attached as Attachment 7 produces the following using imaging procedures as the metric and the first full year's projected data.

The average gross charge and deduction amounts below are calculated using imaging procedures.

Average Gross Charge	\$	3,020
Average Deduction	_	1,516
Average Net Charge	\$	1,504

### 20. Section C. (Economic Feasibility) Question 6.B

Please compare the MRI and CT Gross Charges per Procedure/Treatment by quartiles for years 2010 through 2012 using the following table:

## Gross Charges per Procedure/Treatment By Quartiles YEAR = 2012

Equipment Type	1st Quartile	Median	3rd Quartile
CT Scanner	\$887.60	\$1,735.40	\$2,680.89
Linear Accelerator	\$849.62	\$1,077.79	\$1,406.21
Lithotripter	\$8,200.00	\$12,288.61	\$17,237.00
MRI	\$1,598.11	\$2,129.25	\$3,321.60
PET Scanner	\$3,667.96	\$4,497.71	\$6,304.71
Source: Medical Equi			φο,50 1.71

Please see the table below summarizing the average charge per procedure for Le Bonheur Children's Hospital from the Medical Equipment Registry for 2012 as compared to the Quartiles shown above. This comparison shows the average per procedure which is easier to compare than the charge per CPT listed below.

TABLE 6
METHODIST SERVICE AREA
HOSPITAL-BASED CHARGE COMPARISON, 2012

Facility Type	Facility	Charge per Procedure	Comparison
HOSP	Le Bonheur Children's Hospital – MRI	\$ 3,743	Slightly Above 3 <sup>rd</sup> Quartile
HOSP	Le Bonheur Children's Hospital – CT	\$ 2,082	Between the Median and 3 <sup>rd</sup> Quartile

Please see the following table copied from the originally file application with 2013 charges from Methodist per CPT for comparison. MRI charges are slightly higher than the  $3^{rd}$  Quartile comparison, yet there are a few below the  $3^{rd}$  Quartile. CT charges are for the most part between the Median and the  $3^{rd}$  Quartile.

TABLE 7
METHODIST CURRENT CHARGE SCHEDULES

Procedure		Current Rate
CT		11
3D RENDERING CT/MRI/US/OTH W POSTPROCESS	76377	\$ 1,040
CT ABD AND PEL WITH CONTRAST	74177	\$ 5,036
CT ABD AND PEL WO CONTRAST	74176	\$ 3,637
CT ANGIO CHEST W/WO CONT W IMAGE POST PR	71275	\$ 2,931
CT BRAIN/HEAD WO CONT	70450	\$ 1,820
CT MAXILLOFACIAL AREA W CONT	70487	\$ 2,518
CT MAXILLOFACIAL AREA WO CONT	70486	\$ 1,820
CT ORBIT/SELLA/POST FOSSA/EAR WO CONT	70480	\$ 1,820
CT SOFT TISSUE NECK W CONT	70491	\$ 2,518
CT SPINE CERV WO CONT	72125	\$ 1,820
CT THORAX W CONT	71260	\$ 2,518
CT THORAX WO CONT	71250	\$ 1,820

#### **MRI**

70546	4,801.00
70544	3,526.00
74181	3,526.00
70553	4,801.00
70551	3,526.00
70555	2,864.00
70543	4,801.00
72156	4,801.00
72141	3,526.00
72158	4,801.00
72148	3,526.00
72157	4,801.00
72146	3,526.00
	70544 74181 70553 70551 70555 70543 72156 72141 72158 72148 72157

#### 21. Section C. (Economic Feasibility) Question 9

The patient mix during the first full year of operation is noted. The patient payor mix appears to be for Le Bonheur Children's Hospital overall. Please provide a table of the Projected Data Mix for Year 2016 specific to the proposed project.

Please see Table 8 for the payor mix for the Pediatric Outpatient Center only. The payor mix filed in the original application was for Methodist Healthcare-Memphis Hospitals. The first full year of the project is 2017 which is shown below. The Health Services and Development Agency confirmed the first full year is the appropriate year for this response

TABLE 8
PAYOR MIX, 2017
PEDIATRIC OUTPATIENT CENTER PROJECT ONLY

Payor	2017 Projected Revenue	% of Total Revenue
Medicare	\$ 0	0%
TennCare/Medicaid	\$ 7,690,529	47%
Self Pay	\$ 98.808	1%
Commercial/Other	\$ 8,678,606	53%
Total	\$ 16,467,943	100%

### 22. Section C, Contribution to Orderly Development, Item 3.

Table 17 is noted. Please confirm table 17 is the staffing pattern specific to the proposed project? If not, please provide.

November 26, 2013 11:50am

Yes. Table 17 in the originally filed application for staffing patterns is specific to the proposed project. See Table 9 below copied from Table 17 in the original application for convenience and reference.

TABLE 9
METHODIST LE BONHEUR HEALTHCARE
CURRENT PREVAILING WAGES AND
ANTICIPATED CLINICAL STAFFING PATTERNS, 2017-2018

		Le Bonhe	ur		BLS 2012 Memphis MSA Data *		
Methodist Position Title	FTE's 2017	FTE's 2018	Mid Hourly 2013	Mean Hourly	Mean Annual	BLS Occupation Title	
Access Facilitator	2.0	2.0	\$ 13.39	\$ 13.94	\$ 28,990	Medical Secretaries	
Audiologist	1.0	1.0	\$ 31.99	\$ 26.88	\$ 55,910	Audiologist	
Case Manager	1.0	1.0	\$ 31.99	\$ 25.22	\$ 52,450	Health Care Social Workers	
Child Life Specialist	3.0	3.0	\$ 19.71	\$ 25.37	\$ 52,770	Healthcare Practitioners, Other	
CT Tech II	2.0	2.0	\$ 26.37	\$ 25.16	\$ 52,330	Radiologic Technologist	
Echocardiographer	0.4	0.4	\$ 31.99	\$ 21.53	\$ 44,780	Cardiovascular Technologist	
EKG Tech	0.4	0.4	\$ 16.24	\$ 21.53	\$ 44,780	Cardiovascular Technologist	
EVS attendant	1.0	1.0	\$ 11.04	\$ 13.92	\$ 28,960	Building Cleaning Workers	
MRI Tech II	2.0	2.0	\$ 26.37	\$ 28.11	\$ 58,470	MRI Technologist	
OccupTherapist	3.1	3.1	\$ 35.25	\$ 36.23	\$ 75,360	Occupational Therapist	
Patient Escort	1.0	1.0	\$ 11.04	\$ 18.91	\$ 39,320	Healthcare Support, Other	
Phlebotomist	2.0	2.0	\$ 13.39	\$ 12.77	\$ 26,570	Phlebotomist	
Physical Therapist	2.6	2.6	\$ 35.25	\$ 38.74	\$ 80,570	Physical	
Radiology Tech	3.0	3.0	\$ 26.37	\$ 25.16	\$ 52,330	Radiologic Technologist	
Receptionist/Clerk	2.0	2.0	\$ 13.39	\$ 12.26	\$ 25,490	Receptionists and Info Clerks	
Rehab Services Tech	1.0	1.0	\$ 10.44	\$ 12.40	\$ 25,790	Rehab Counselors	
Rehab Supervisor	1.0	1.0	\$ 38.83	\$ 43.46	\$ 90,400	Medical/Health Services Mgrs	
RN Radiology	3.0	3.0	\$ 26.37	\$ 29.09	\$ 60,500	Registered Nurse	
Scheduler	1.0	1.0	\$ 14.75	\$ 13.94	\$ 28,990	Medical Secretaries	
Security Officer	1.0	1.0	\$ 13.39	\$ 11.23	\$ 23,350	Security Guards	
Site Manager	1.0	1.0	\$ 38.83	\$ 44.72	\$ 93,010	Managers, Other	
Speech Pathologist	4.0	4.0	\$ 35.25	\$ 30.32	\$ 63,060	Speech-language Pathologist	
Ultrasound Tech	1.0	1.0	\$ 31.99	\$ 25.16	\$ 52,330	Radiologic Technologist	
Total	39.5	39.5					



### 23. Section C, Contribution to Orderly Development, Item (d)

The applicant has provided documentation regarding licensure deficiencies and an approved plan of action. However, please provide documentation the plan of action was accepted by the Tennessee Department of Health, West Tennessee Health Care Facilities.

Please see Attachment 10 for two letters from the Tennessee Department of Health, West Tennessee Health Care Facilities showing the plan of action was approved and that licensure deficiencies were in compliance during the re-visit.

#### 24. Proof of Publication

Please provide a more legible copy of the proof of publication.

Please see Attachment 11 for a more legible copy of the notice of intent.

November 26, 2013 11:50am

### **Attachment 1**

Revised First Page with Corrected Address

l.	Name of Facility, Agency, or Institution	<u>l</u>			November	11:5	
	Methodist Healthcare-Memphis Hospitals dba Le Bonheur Children's Hospital						
	Name						
	100 North Humphreys Boulevard				Shelby		
					County		
	Memphis		TN		38120		
	City		State	<b>)</b>	Zip Code		
	Contact Person Available for Response	s to Questions					
				Research an			
	Carol Weidenhoffer Name		- :	Developmen	nttle		
	Name			11	ue		
	Methodist Le Bonheur Healthcare			Carol.Weide	enhoffer@mlh.org		
	Company Name			E-mail ad	dress		
	1407 Union Avenue – Suite 300	Memphis		TN	38104		
	Street or Route	City		State	Zip Code		
	Employee	901-516-0679	9	901-516-062	21		
_	Association with Owner	Phone Number	er	Fax Number			
	Owner of the Facility, Agency or Institu	ıtion See Attacl	hment A:3				
				0/	1 516 0546		
	Methodist Healthcare – Memphis Hospita	ls		90	01-516-0546		
	Methodist Healthcare – Memphis Hospita Name	ls		90	Phone Number		
		ls		-			
	Name	ls		-	Phone Number		
	Name 1211 Union Avenue, Suite 700	ls	TN	SI	Phone Number		
	Name  1211 Union Avenue, Suite 700  Street or Route	ls	TN_State		Phone Number nelby County		
	Name  1211 Union Avenue, Suite 700  Street or Route  Memphis		State		Phone Number nelby County		
	Name  1211 Union Avenue, Suite 700  Street or Route  Memphis City	One) See Attachn	State		Phone Number  nelby  County  3104  p Code		
•	Name  1211 Union Avenue, Suite 700  Street or Route  Memphis City  Type of Ownership of Control (Check On A. Sole Proprietorship B. Partnership	One) See Attachn	State ment A:4 Government or Politica		Phone Number  nelby County 8104 p Code		
	Name  1211 Union Avenue, Suite 700  Street or Route  Memphis City  Type of Ownership of Control (Check Control	<b>Dne)</b> See Attachn F. G.	State  ment A:4  Government or Politica Joint Ventu	antal (State of all Subdivision are	Phone Number  nelby County 8104 p Code  TN		
	Name  1211 Union Avenue, Suite 700 Street or Route  Memphis City  Type of Ownership of Control (Check Of A. Sole Proprietorship B. Partnership C. Limited Partnership D. Corporation (For Profit)	One) See Attachn F. G. H.	State  ment A:4  Government or Politica Joint Ventu		Phone Number  nelby County 8104 p Code  TN		

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

November 26, 2013 11:50am

## Attachment 2 Corporate Charter Document

**November 26, 2013** STATE OF TENNESSEE1:50am

### Tre Hargett, Secretary of State

Division of Business Services William R. Snodgrass Tower 312 Rosa L. Parks AVE, 6th FL Nashville, TN 37243-1102

### **Filing Information**

Name:

METHODIST HEALTHCARE MEMPHIS HOSPITALS

#### **General Information**

SOS Control #:

54694

Formation Locale: TENNESSEE

Filing Type:

Corporation Non-Profit - Domestic

Date Formed:

08/01/1922

Filing Date:

08/01/1922 4:30 PM

Fiscal Year Close 12

Status:

Active

**Duration Term:** 

Perpetual

Public/Mutual Benefit:

**Public** 

#### **Registered Agent Address**

LYNN FIELD

**STE 700** 

1211 UNION AVE

MEMPHIS, TN 38104-6600

**Principal Address** 

1265 UNION AVE

MEMPHIS, TN 38104-3415

The following document(s) was/were filed in this office on the date(s) indicated below:

Date Filed	Filing Description	Image #
02/25/2013	2012 Annual Report	7155-0374
08/03/2012	Articles of Amendment	7082-1151
02/14/2012	2011 Annual Report	6997-0215
Principa	Address 1 Changed From: 1265 UNION AVENUE To: 1265 UNION AVE	
Principa	Postal Code Changed From: 38104 To: 38104-3415	
Principa	County Changed From: No value To: SHELBY COUNTY	
02/28/2011	2010 Annual Report	6840-1353
09/08/2010	Assumed Name	6768-0997
New Ass	sumed Name Changed From: No Value To: Methodist University Hospital PET Imaging Ce	nter
05/06/2010	Assumed Name Change	6717-1042
Assume	d Name Cancelled Changed From: No Value To: LEBONHEUR CHILDREN'S MEDICAL C	ENTER, INC.
New As	sumed Name Changed From: No Value To: LE BONHEUR CHILDREN'S HOSPITAL	
02/26/2010	2009 Annual Report	6662-1631
02/13/2009	2008 Annual Report	6447-2933
03/20/2008	2007 Annual Report	6254-2134
01/03/2008	Registered Agent Change (by Entity)	6176-1361
11/19/2013 2	:44:22 PM	Page 1 of 3

November 26, 2013 11:50am

### **Filing Information**

### Name: METHODIST HEALTHCARE MEMPHIS HOSPITALS

Registe	red Agent Physical Address Changed	
Registe	red Agent Changed	
03/12/2007	2006 Annual Report	5981-1383
04/04/2006	2005 Annual Report	5754-0734
10/05/2005	Assumed Name Renewal	5576-1664
02/08/2005	2004 Annual Report	5352-3165
01/21/2004	2003 Annual Report	5012-2125
03/24/2003	2002 Annual Report	4763-0819
01/25/2002	2001 Annual Report	4403-1263
01/16/2001	2000 Annual Report	4090-0832
08/29/2000	Assumed Name Renewal	3989-0646
01/24/2000	1999 Annual Report	3806-0436
02/12/1998	Assumed Name Renewal	3451-1198
01/28/1998	Articles of Amendment	3441-2199
Name C	Changed	545
06/20/1997	Notice of Determination	ROLL 3355
10/05/1995	Merger - Survivor	3061-2305
Merged	Control # Changed From: 000054694	
Merged	Control # Changed From: 000077094	
10/05/1995	Assumed Name	3061-2310
01/17/1995	CMS Annual Report Update	2940-1358
Mail Ad	dress Changed	
05/05/1993	Merger - Survivor	2689-0090
•	Control # Changed From: 000054694	
	Control # Changed From: 000118757	
	Assumed Name	2664-2176
	CMS Annual Report Update	2382-0803
•	al Address Changed	
06/16/1990	Administrative Amendment	FYC/REVENU E
Fiscal Y	ear Close Changed	
	Notice of Determination	ROLL 1647
	Registered Agent Change (by Entity)	668 02594
	red Agent Physical Address Changed	
•	red Agent Changed	
_	Administrative Amendment	581 01412
11/19/2013 2	2:44:22 PM	Page 2 of

November 26, 2013 11:50am

### **Filing Information**

Name:	METHODIST HEALTHCARE MEMPHIS HOSPITALS		
Mail Add	dress Changed		
06/18/1985	Articles of Amendment	54	49 03333
06/23/1982	Articles of Amendment	29	96 01207
10/07/1981	Articles of Amendment	24	10 00566
Name C	hanged		
Principa	I Address Changed		
06/23/1981	Registered Agent Change (by Agent)	2	16 00043
Register	red Agent Physical Address Changed		
Register	red Agent Changed		
07/26/1978	Registered Agent Change (by Agent)	03	30 01269
Register	red Agent Physical Address Changed		
Register	red Agent Changed		
08/01/1922	Initial Filing	М	AP0397
Active Assu	umed Names (if any)	Date	Expires
	niversity Hospital PET Imaging Center	09/09/2010	09/08/2015
LE BONHEU	JR CHILDREN'S HOSPITAL	05/06/2010	05/06/2015
11/19/2013 2	:44:22 PM		Page 3 of 3

November 26, 2013 11:50am

# Attachment 3 Letter from Architect MRI

11:50am

November 22, 2013

Melanie Hill
Executive Director
State of Tennessee
Health Services and Development Agency
502 Deaderick Street – 9th Floor
Nashville, TN 37243

RE: Supplemental Information— LE BONHEUR OP CENTER-EAST, MEMPHIS, TENNESSEE

Dear Ms. Hill:

This letter is in response to the following:

There are a number of considerations with the installation of MRIs on an upper floor of a medical office building which may inflate the facility preparation cost estimate. Has consideration been given to?

- a. The influence of the magnetic field in relationship to the activities of the occupants above, below and adjacent to the planned location?
- b. The magnet and its auxiliary equipment may present fairly significant weight loads to the proposed upper floor location. Has an analysis been conducted by a licensed structural engineer to affirm the weight bearing capabilities of the upper floor, will support the proposed loads, particularly in a concentrated area.
- Will the capacity of the entryway (and elevator, if applicable) in the building support the weight of the magnet in moving the magnet to its planned location?
   Are electrical systems of adequate capacity to support sufficient power to

a. Are electrical systems of adequate capacity to supplifie magnet?

e. Have facility preparation cost estimates been prepared by a licensed architect and reviewed and verified by a contractor, both of whom have experience with similar installations?

If the answers to all the above questions are yes, please provide your findings in written format. If the answers are no, but further investigation reveals additional expenses above your contingency estimate are required as a result of this project, please reflect those additional expense in revised Project Cost Chart and Projected Data Charts where applicable.

The answer to all of the questions above is yes, where applicable. The magnet and all other radiology equipment are to be located on the 1<sup>st</sup> floor which is slab on grade. Our firm prepared the cost estimates for the programmed space with input from a general contractor who has completed many similar projects.

Sincerely,

brgas

11 W. Holling Avenue

Niemphis, lennessee 38103

901.260,9600

901.531.**804**2 brg3s.com

brg3s

Jon R. Summers, AIA

munas

Principal

November 26, 2013 11:50am

### Attachment 4 MRI Vendor Quote



November 26, 2013 11:50am

#### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

### QUOTATION/ORDER ORDER SUMMARY

SID NO:

30004918

DATE: 10/8/2013

QUOTE NO: 35082

PRESENTED TO: (COMPLETE LEGAL NAME)

**DELIVER TO:** 

LE BONHEUR CHILDRENS HOSPITAL

50 N DUNLAP

MEMPHIS, TN. 38103

LE BONHEUR CHILDRENS HOSPITAL

50 N DUNLAP

MEMPHIS, TN. 38103

**EQUIPMENT SUMMARY:** 

TITAN.000

#### TITAN HIGH FIELD MRI SYSTEM

PRE-INSTALLATION KIT FOR TITAN

MRI SYSTEM MAGNET

TITAN SYSTEM ELECTRONICS WITHOUT

**MAGNET** 

ASGC FOR TITAN WITHOUT HIGH ORDER

**SHIM** 

WATER DISTRIBUTION PANEL

MEDIA FOR DVD-RAM DRIVE (9.4 GB)

(Qty 5)

GATING WAVEFORM LCD DISPLAY

TITAN 8-CHANNEL TO TITAN 16-

CHANNEL RF ELECTRONICS (FACTORY

OPTION)

#### 16-CHANNEL RF ELECTRONICS

This quotation shall remain valid until December 31, 2013

All prices are F.O.B. destination

Payment terms are: Cash - 10% down payment, 70% upon shipment, 20% net 30 days after shipment or upon availability for first use by purchaser, whichever comes first.

use by purchaser, whichever comes first.				
Additional terms and conditions appear at the end of this quotation. McKesson Agreement RequiredYesNo Vital Software License Agreement RequiredYesNo Please return signed quotation to: Toshiba America Medical Systems, 2441 Michelle Drive, Tustin, CA 92780.				
ACCEPTED AGREED AND ORDERED:				
CUSTOMER REQUESTED DELIVERY DATE:	¥	<u>-</u>	TOSHIBA REP/CONTACT	DATE
PURCHASER'S SIGNATURE/TITLE		DATE	ZONE SALES MANAGER	DATE



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

### QUOTATION/ORDER **ORDER SUMMARY**

SID NO:

30004918

DATE: 10/8/2013

QUOTE NO: 35082

PRESENTED TO: (COMPLETE LEGAL NAME)

LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 2 of 55

EQUIPMENT SUMMARY: (continued)

SOFTWARE, MBODY PACKAGE

TITAN BODY COIL

**MVASCULAR PACKAGE** 

FREEZE FRAME PACKAGE FOR VANTAGE

NON-CONTRAST MRA AND SUPERFASE **PACKAGE** 

CARDIAC PACKAGE

MNEURO PACKAGE

BODY VISION AND DTI PACKAGE FOR VANTAGE

DIFFUSION TENSOR TRACTOGRAPHY **APPLICATION** 

**GATING PACKAGE -- WIRELESS** 

WIRELESS CARDIAC GATING UNIT

WIRELESS PERIPHERAL / RESPIRATORY **GATING PACKAGE** 

DICOM STORAGE COMMITMENT KIT

DICOM Q/R SCP UNIT

VIDEO FADER



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

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LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 3 of 55

CONSOLE DESK 65" X 36" X 30"

SILENT SCAN STEREO AND INTERCOM SYSTEM

LCD MONITOR FOR ECG

ELECTRODE PADS (BOX OF 25) (Qty 2)

PATIENT PADS FOR SPINE AND EXTREMITY

**OVERHEAD CABLE INSTALLATION** 

GANTRY LIGHTING OPTION
PROTON SPECTROSCOPY FOR TITAN

PROTON SPECTROSCOPY PACKAGE

(SINGLE VOXEL)

ADVANCED PROTON MULTI-VOXEL SPECTROSCOPY PACKAGE

HIGH ORDER SHIM KIT FOR TITAN

DRAKE HEAT EXCHANGER DUAL LOOP 460 FOR TITAN OR ATLAS Z

TEAL VOLTAGE REGULATOR FOR TITAN AND ATLAS, 480 V

4-CHANNEL FLEX SPEEDER COIL

16-CHANNEL FLEX SPEEDER MEDIUM COIL



November 26, 2013 11:50am

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LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 4 of 55

FLEX COIL POSITIONING PAD SET

OCTAVE HEAD SPEEDER COIL TILTABLE OCTAVE HEAD COIL BASE

SHOULDER SPEEDER COIL

OCTAVE SPINE SPEEDER COIL CONSOLE DESK 65" X 36" X 30"



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

### QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 5 of 55

### **Special Information & Terms**

This quotation/order will be subjected to the Agreement for Magnetic Resonance Imaging equipment products between HealthTrust Purchasing Group and Toshiba America Medical Systems, Inc., Reference contract no. 500348-2012

#### TITAN.000

### TITAN HIGH FIELD MRI SYSTEM

Fast, powerful and easy to use, Vantage Titan provides patients with the most comfortable, non-claustrophobic MR imaging environment available in the market. Titan combines diagnostic versatility with streamlined workflow, from routine examinations to whole-body scans and MRA from head-to-toe, including Toshiba's proprietary non-contrast techniques.

### Highlights include:

- Open-bore technology with a 71 cm patient aperture, designed to reduce claustrophobia and increase patient comfort
- The speed and image quality of Integrated Coil Solutions
- The unsurpassed technology of the world's highest homogeneity ultra-short-bore magnet

The system's large clinical field-of-view (FOV) - 55x55x50 cm - produces high-quality images without compromising homogeneity or overall imaging performance. Only Toshiba offers a 55-cm field of view with a 1.49-meter magnet.

Titan simplifies patient repositioning while still allowing excellent image quality, featuring Integrated Coil Technology that uses up to 128 elements simultaneously, a moveable spine coil, wide-area coverage and extended table travel that enables feet-first imaging.

Toshiba's proprietary non-contrast MRA techniques, now in their fourth generation, minimize risk to patients while delivering superb images. The new M-Power state-of-the-art user interface is designed to maximize ease-ofuse and efficiency.



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

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PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 6 of 55

Vantage Titan offers a scalable solution to meet any customer's clinical needs with the highest level of patient comfort and diagnostic capability all in one package.

### **KEY COMPONENTS**

- Magnet with actively shielded gradient coil (34 mT/m, SR 148)
- Open bore featuring a 71 cm patient aperture
- 8-channel array electronics standard
  - Optional 16 RF Channel Kit MKPA-1506/S1
  - Optional 32 RF Channel Kit MKPA-1505/S1
- SPEEDER package, including high-speed reconstruction engine capable of 12,600 images/sec
- 9.4 GB DVD ROM drive
- Oxygen monitor and emergency run-down unit
- QD Titan whole body coil
- Patient monitoring camera and LCD display for the technologist
- Cardiac, peripheral and respiratory gating
- Pianissimo Plus imaging package
- UPS for Host Computer to prevent damage during power problems
- Accessories (positioning pads, arm rest, DVD media (set of five), and electrodes/ECG leads)

### PERFORMANCE FEATURES

The system's integrated coils and enhanced speed combine with a digital-RF Xeon platform and high-performance gradients to enable a wide range of imaging techniques while providing unsurpassed flexibility and patient comfort.

### **Patient Comfort**

Titan reaches a new level in patient comfort with its open-bore technology featuring a 71 cm patient aperture.



November 26, 2013 11:50am

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Page 7 of 55

Titan's clinical efficiency also enhances the patient experience, with features that enable feet-first imaging and coil combinations that virtually eliminate the need for repositioning.

### Pianissimo™ Noise Reduction System

Pianissimo noise-reduction technology, standard on all Titan systems, uses a unique vacuum-sealed chamber to dramatically reduce acoustic sound levels making patients more cooperative and comfortable. There is no compromise in image quality or speed of acquisition.

Pianissimo is always on – there is no user interaction required or special sequences that need to be selected.

### Pianissimo Plus Imaging Package

Imaging sequences designed to further reduce the already-quiet Pianissimo noise-reduction technology.

### **Lighting and Ventilation**

- New track lighting inside the bore of the magnet provides a much brighter environment for the patient.
- Air vents have been positioned high on the rear of the magnet bore to provide increased airflow to the patient.

### **Integrated Coils**

- 10 integrated coil ports to position multiple coils simultaneously
  - o Nine on the patient couch
  - o One on the magnet gantry
- Can accept up to 128 elements simultaneously
- Reduces the need to change coils between studies
- Integrated, moveable spine coil
- Integrated posterior head and neck array
- Light-weight for improved flexibility and patient comfort



November 26, 2013 11:50am

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PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP **MEMPHIS, TN. 38103** 

Page 8 of 55

### **Extensive Coverage**

- Extended table travel option allows (205 cm) of table movement for greater flexibility
- Moveable spine coil to accommodate feet-first imaging
- Extended clinical field-of-view: 55x55x50 cm

### Patient Call and Intercom System

- A hand switch enables the patient to signal an emergency during scanning.
- The integrated intercom system allows for the patient and operator to speak to each other.

### **SPEEDER Package**

This parallel-imaging technology offers:

- Higher temporal resolutions for dynamic imaging
- Higher spatial resolutions for acquiring images in a shorter time

#### **JET Motion Correction Software**

JET imaging detects the amount of motion and corrects for the effect by acquiring k-space data in a radial trajectory. Data in the center of k-space is acquired multiple times during the scan to suppress motion artifact. Two kinds of motion, rotational and translational, are evaluated and corrected.

- Reduces motion artifact caused by physical movement as with acute stroke, uncooperative or pediatric patients
- Reduces motion artifact caused by physiologic motion, such as CSF flow and breathing
- Reduces respiratory artifacts for the shoulder and abdominal regions

#### mVox

- Allows isotropic, FSE, 3-D volume acquisitions, which can then be reformatted into multiple imaging planes to increase efficiency and reduce patient imaging time.
- Can be used with T2 and T2 FLAIR contrasts.



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

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PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 9 of 55

### **Reconstruction Engine**

A high-speed computer that reduces reconstruction times in all imaging modes. Conventional images with a 256x256 matrix are reconstructed at a rate of 12,600 images/sec.

### **Conventional Pulse Sequences**

### SE (Spin Echo)

- Proton density
- T1 and T2 weighted contrast

### FE (Field Echo)

- Varied flip angle to optimize contrast and SNR
- Provides T1 and T2\* weighted images

### IR (Inversion Recovery)

Generates desired contrast for STIR, FLAIR and T1 heavily weighted images.

#### **Fast Scan Sequences**

### FastSE (Fast Spin Echo)

- Compatible with 2-DFT and 3-DFT
- Short and variable echo-train spacing available

### FastIR (Fast Inversion Recovery)

Enhances T1 contrast to a 2-DFT FastSE technique

### FastFLAIR (Fluid Attenuated IR)

- Increases contrast between fluids and tissues such as CSF
- Shorter scan times than conventional IR

#### **FastSTIR**

- Suppresses fat signal with short TI
- Shorter scan times than conventional STIR



5

### **SUPPLEMENTAL-#1**

November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

9

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO:

35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 10 of 55

### **FastFE**

- Provides T1 contrast with short scan times
- A useful breath-hold technique
- 2-DFT and 3-DFT applicable

### **Advanced Fast Scan Techniques**

### FASE (Fast Advanced Spin Echo):

An RF-refocused imaging technique that broadens clinical applications such as MRCP (MR cholangio-pancreatography), urography and myelography.

- Combined with half-Fourier imaging, reduces scan times dramatically
- Can be used with both 2-DFT and 3-DFT
- Provides high-contrast, T2-weighted images
- Large number of echoes
- Provides echo factors up to 512 or, with optional software, 1024

### EPI (Echo Planar Imaging):

Hybrid EPI that uses a combination of spin and gradient echoes in one acquisition to reduce SAR.

- Multiple echo-train lengths available
- SE-based techniques provide T2-weighted contrast while reducing SAR
- Multi-Shot EPI also included

### **True SSFP (Steady State Free Precision):**

- Rapidly obtains T1 or T2 weighted contrast images
- Well suited for tissues with longer T2 values
- 2-D and 3-D sequences included



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 11 of 55

### T2 Plus FastSE/FASE:

Provides reduced scan times, higher resolution capabilities and increased SNR by refocusing residual transverse magnetization back to longitudinal per TR with no compromise in T2 contrast.

### SSFP (Steady State Free Precision):

- Provides images with T1 or T2 weighted contrast
- Well-suited for CSF or synovial fluid imaging
- Can be applied in a 2-D or 3-D mode

### Advanced Pulse Sequences

- Digital RF capabilities provide precise phase control
- Suitable for T1-weighted sequences with short TR and TE

### MR Fluoroscopy:

Continuously acquires and reconstructs data and displays the reconstructed image immediately.

#### **Real-Time Locator:**

Advanced application of MR Fluoroscopy, which acquires three planes to facilitate patient positioning.

#### Vascular Imaging Techniques

Fine vascular structures are visualized with various innovative techniques.

- 2-D Time-of-Flight (TOF)
- 3-D TOF
- Multi-slab 3-D TOF
- Multi coverage separates large 3-D TOF slabs to minimize saturation of blood in fine distal vessels
- 3-D FE and 3-D FastFE for contrast-enhanced MRA applications
- SORS-STC (Slice Selective Off-Resonance Sync Pulse Saturation Transfer Contrast) - applies Magnetization Transfer Contrast (MTC) pulse to individual slices, resulting in a more robust magnetization transfer technique

November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 12 of 55

- ISCE (Inclined Slab for Contrast Enhancement) increases vessel detail by using variable flip-angle RF pulses with 3-D TOF to enhance the contrast from blood flow throughout the volume
- 2-D phase shift (PS)
- Cine 2-D PS used with cardiac gating unit for cine imaging
- Flow quantification measures blood flow velocity using cine 2-D and cardiac gating
- 3-D PS
- BEST (Blood Vessel Enhancement by Selective Suppression Technique) - a post-processing algorithm to selectively enhance small-vessel detail and suppress background tissue

### **Fat Free Imaging**

Coupled with Vantage's superior homogeneity, various sequences provide uniform and consistent fat suppression over the imaging area. Sequences include:

- STIR
- Fast STIR
- WFOP (Water/Fat Opposed Phase) a Spin Echo technique that acquires signals from water and fat as they go in and out of phase
- MSOFT (Multislice, Off-Resonance, Fat-Suppression Technique) a Toshiba exclusive for fat suppression using a slice-selective, offset RF pulse for each slice
- PASTA (Polarity Altered Spectral and Spatial Selective Acquisition) - a water-excitation technique for FSE and SE fatsignal suppression
- DIET (Dual Interval Echo Train) reduces bright, fat signal in Fast Spin Echo sequences by varying inter-echo spacing



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

**QUOTE NO: 35082** 

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP **MEMPHIS, TN. 38103** 

Page 13 of 55

### **Cardiac Gating Package**

Acquires ECG data to identify the cardiac cycle during scan acquisition. Multislice/single-phase and single-slice/multi-phase modes can be used. The unit consists of:

- Gating manager
- LCD monitor
- Patient lead wire
- ECG electrodes
- Set of connection cables
- Set of accessories
- Operator's manual

### Respiratory Gating Package

Compensates for motion artifacts caused by patient breathing and chest movement. Monitors respiratory motion and transmits the signal through the cardiac gating electronics. The package consists of:

- Respiratory sense box
- Air bag and belt
- Set of accessories
- Operator's manual

#### Peripheral Pulse Gating Package

Used to synchronize slice data with the patient's cardiac cycle when imaging. Monitors pulse from the patient's finger and sends the signal to the scanner through the cardiac gating unit electronics. The package consists of:

- Pulse-wave, pick-up sensor with 1.5 m optical fiber
- Set of accessories
- Operator's manual

### M-Power Productivity Features

Titan 1.5T employs the new M-Power interface designed for intuitive scanning, enabling even those with less experience to operate the system without difficulty.



November 26, 2013 11:50am

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# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP **MEMPHIS, TN. 38103** 

Page 14 of 55

Created with universal design concept to be user-friendly, reduce operator stress and facilitate efficient workflow.

New image-processing engine provides:

- 3-D image processing and color-fusion processing
- Flexible support for clinical application software

The software is designed to facilitate easy integration in the widest variety of network environments for patient registration, scan planning, image review, and filming and archiving for maximum efficiency and productivity.

- High-resolution, 24", LCD color monitor with display matrix of 1,280x1,024 with 256 B/W gradation levels
- Calendar for advanced patient scheduling and registration
- DICOM-compliant to facilitate easy integration with other network environments
- Pre-programmed protocols accessed by a mouse-click over an anatomical icon, this integrated smart software eliminates guesswork and provides clinical flexibility and productivity
- Graphic scan planning easy-to-understand graphics and prompts to quickly plan subsequent exams and input last-minute sequenceparameter selections on all three orthogonal planes
- Image selector displays visual table of contents for quick and simple image display of complete studies
- Batch MIP and CINE display while continuing other functions
- Extensive post-processing algorithms for image enhancement
- Two-way patient intercom system
- Patient monitoring camera and LCD display for the technologist



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

**QUOTE NO: 35082** 

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 15 of 55

### GENERAL HARDWARE DESCRIPTION

### 1.5T Self-Shielded, Open, Ultra-Short-Bore Magnet

A combination of passive and auto-active shimming provides optimum homogeneity and uniformity for maximizing imaging results.

- Homogeneity specified at 2 ppm (guaranteed value) or less over 50 cm DSV (50x50x50 cm) using a 24-plane plot VRMS method.
- 71 cm patient opening and 1.49-meter magnet ensure maximum patient comfort and accessibility.
- Productivity features such as scan start, localizers and couch control are incorporated on both sides of the bore.

### Patient Couch

Atlas features a coil solution integrated into the couch for maximum patient comfort and increased technologist productivity. Couch also includes manual, automatic and emergency controls to facilitate patient handling for routine and extraordinary conditions.

- Nine coil ports are integrated into the patient couch; one additional port located on the magnet gantry
- Hydraulically controlled bed lowers to 16.5" (42 cm) from the floor
- Includes multiple couch mats and positioning pads for greater comfort
- Includes bilateral arm rests to facilitate injections
- Maximum patient weight of 440 lbs (550 lbs optional)

### Titan Gradient Subsystem

Precision and reliability are integrated into Toshiba's gradient subsystem.

- Powered with a 148 T/m/sec slew rate and 34 mT/m gradient strength.
- 229 ms rise time enables generation of complex gradient pulses.
- Maximized clinical performance with Toshiba's actively shielded gradient coil - virtually eliminates eddy currents from the magnet while maintaining gradient linearity.



**November 26, 2013** 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 16 of 55

### Digital RF System

Titan comes standard with a digital RF system with 8 RF channels supporting array acquisition. The digital transmitter provides the precise RF phase control needed to employ advanced pulse sequences. The highfrequency data sampling capability supports fast scan techniques.

### M-Power Computer System

Provides outstanding multi-tasking performance. Image reconstruction and advanced image processing are performed simultaneously with scanning to increase exam productivity. The system includes network connectivity for expandability.

### **Host Computer Includes:**

- Intel® Xeon<sup>TM</sup> 6-core 12 CPU system
- Clock speed: 2.4 GHz or more
- 2 hard disk drives
- 12 GB or more of main memory
- 300 GB hard drive for system use (unformatted storage)
- 600 GB hard drive for image data (unformatted storage)
- Stores approximately 1,120,000 images (256x256 images)
- 32-bit CPU
- 256 MB memory capacity

### **Reconstruction System**

- 6-core dual-processors system
- Reconstruction speeds up to 12,600 images/second (256x256,FFT)
- Simultaneous image reconstruction during scanning
- Reconstruction matrix up to 1,024x1,024
- Main memory capacity: 12 GB or more
- 3.5TB hard disk drive (unformatted storage)

#### **DVD Drive Unit**

- 9.4 GB storage capacity (unformatted storage)
- Up to 44,000 saved-image capacity (256x256 images)



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP **MEMPHIS, TN. 38103** 

Page 17 of 55

### **Connection With External Devices**

- Ethernet interface (1000BASE-T)
- DICOM 3.0

### Auto Voice Package

Provides pre-recorded patient instructions to use during scan acquisition. Messages can be edited and re-recorded by the operator.

### **Networking DICOM Licenses**

#### **DICOM Basic License**

Provides the basis for DICOM on the MRI system.

### **DICOM MWM Modality Worklist Management**

Allows the scanner to manually or automatically pull work orders scheduled on RIS from Broker.

Note: RIS Broker is not included.

### **DICOM Print Service Class User (SCU)**

This provides a connection to a DICOM-compliant Service Class Provider (SCP) laser camera or film imager.

### **DICOM Storage Service Class User (SCU)**

This allows the MRI scanner to push images out to multiple destinations on a network which is connected to the scanner.

### **Image Maker Express Marketing Support**

The Image Maker Express is a marketing support online resource designed exclusively for Toshiba customers that helps you create outreach programs to generate awareness about your imaging services.

- Includes positioning and messaging guides to help you strategize your communications efforts and tactics.
- Contains product information, ready-to-use collaterals and ideas for creating custom materials to promote your new imaging capabilities.



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 18 of 55

Image Maker Express gives you access to:

- Product images
- Clinical images
- PowerPoint presentations
- Sample brochures
- Sample press releases
- Marketing strategy tutorials
- Updates at www.imagemaker.toshiba.com/express

\*Offerings may vary per product

### **APPLICATIONS SUPPORT**

Each system includes three phases of operator training.

Phase I: Two vouchers for a one-week intensive course at the Toshiba Education Center in Irvine, California.

- One technologist must attend prior to system installation
- Travel expenses included
- The second voucher is valid for six months following installation
- Additional vouchers available for \$3,500

Phase II: Two weeks of on-site training at the customer's facility.

- For one to four technologists
- Covers operation of the complete system including set up of customized scan protocols

Phase III: On-site training to follow up on questions, review key areas and address requests for advanced imaging procedures.

- 32 hours of training
- Four to six weeks after the initial training
- For one to four technologists

November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 19 of 55

### **Performance Pro**

Performance Pro is a custom program created to offer a unique approach to education, focusing on achieving technical proficiency and optimal productivity. The program includes the following:

- A planning meeting at your facility with Toshiba's MRI
   Applications Manager. The purpose of the meeting is to discuss
   objectives and timing, and to explain Toshiba's custom approach.
   During the meeting the manager also will ensure that the following
   takes place:
  - o Review Toshiba's New Customer Education Guide (what to expect and how to plan and prepare).
  - o Introduce the Toshiba Three Phase Education Program and the role of the Toshiba Education Center.
  - o Co-develop a custom training program based on the facility's specific needs and ensure it is well documented for execution.
- A trained Applications Specialist will be assigned ownership of the education experience for the facility. They will perform the following duties:
  - o Participate in planning meetings with the project team to address any training issues in a proactive fashion.
  - o Communicate with the facility prior to the turnover date to ensure everything is on track and all questions or concerns are addressed.
  - o Ensure all materials (training manuals and learning aids) are on site at the time of the go-live date.
- A Quality Installation Checklist developed by Toshiba's service team and physicists will be used to ensure all system requirements have been met and the scanner is working properly and yielding good image quality.



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP **MEMPHIS, TN. 38103** 

Page 20 of 55

- A Clinical Evaluation will be conducted by a National Clinical Support specialist prior to the turnover to ensure the system is ready for go-live date. The specialist will communicate approval to the Applications Manager, the assigned Applications Specialist, the Account Executive and the Service Team.
- Consistent on-site service support during the turnover.
- The Toshiba Education Center will properly train and prepare the core trainers to perform their role with the most advanced education approach in the industry.
- Toshiba will send two Application Specialists to the turnover. One will work with technologists for two consecutive weeks (the assigned Applications Specialist) and the other will work with physicians for one week to achieve desired image quality.
- At the start of the turnover, Toshiba will begin with a presentation for the staff and referring physicians to highlight system capabilities and generate excitement.
- Performance Pro is a blended learning approach and includes prerequisites and additional accredited CE courses for the clinical staff.

A special visit will be conducted by National Clinical Support Specialist four to six weeks after turnover to check protocols and image quality. The specialist will be available to meet with physicians and technologists to answer all questions.

### Additional On-Site Training

Additional On-site training available for purchase.



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 21 of 55

### InTouch Center®

This centralized service facility provides applications and service support for Titan 1.5T customers 24 hours a day, seven days a week.

### InnerVision™ Plus

Remote system diagnostics are available around-the-clock to help identify problems and provide potential solutions before care is interrupted or an engineer can arrive.

### InTouch Agreements

Based on customer needs, InTouch customer agreements can range from an a-la-carte approach to full-security agreements that provide complete system protection.

### **Technical Assistance**

Customer support specialists are available 24/7 to help resolve technical issues in real time. Application support specialists are also available to assist staff with protocol and image-quality issues.

### **Service Support**

#### **Local Customer Teams**

A single call mobilizes a local team of Toshiba customer engineers. With an average of 10 years of Toshiba experience and 105 hours of specialized training, they can resolve almost any performance issue.

#### **Parts Support**

A complete inventory of Titan 1.5T product parts is ready for shipment when and where they are needed, any time of day or night.

#### Installation

Toshiba's installation coordinator and Atlas site planning guide are made available to facilitate site planning. All installation and standard rigging costs are included.

Note: RF Shielding and RF Room are not included or provided by Toshiba



November 26, 2013 11:50am

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# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 22 of 55

#### COMPONENT SUMMARY:

### PRE-INSTALLATION KIT FOR TITAN

**MRI SYSTEM MAGNET** 

### TITAN SYSTEM ELECTRONICS WITHOUT MAGNET

### ASGC FOR TITAN WITHOUT HIGH ORDER SHIM

### WATER DISTRIBUTION PANEL

This custom-designed manifold standardizes on-site plumbing for all Toshiba MRI systems. It distributes chilled water to all MRI processes, contains all required valves, flow meters, temperature gauges, and pressure gauges.

### MEDIA FOR DVD-RAM DRIVE (9.4 GB) (Qty 5)

9.4 GB Removable Cartridge Media for DVD-RAM Drive.

- Type 4, Double-sided
- 3x Speed

### GATING WAVEFORM LCD DISPLAY

Displays physiological signals (ECG, respiration, peripheral). Mounted on the magnet front so a single operator can verify proper ECG lead placement from the magnet room.

### TITAN8-16CH.100

### TITAN 8-CHANNEL TO TITAN 16-CHANNEL RF ELECTRONICS (FACTORY OPTION)

### 16-CHANNEL RF ELECTRONICS

The 16-channel RF electronics kit includes the hardware and components to take the 8-channel to a 16-channel RF system.



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

**QUOTE NO: 35082** 

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 23 of 55

### SOFTWARE, MBODY PACKAGE

### MJAB-167A/P1

### **TITAN BODY COIL**

### Titan 16 channel RF configuration

16-element array design is suitable for chest, cardiac, abdominal and pelvic studies with an extended field of view (EFOV) with 50 cm of coverage as well as optimal signal-to-noise ratio.

- Works with the Atlas Spine Coil to create a 32-element array.
- Combine with Atlas Head/Neck and Atlas Spine Coil or with two other body coils for full-body coverage.

### Titan 8 channel RF configuration

The body coil creates an 8 element array when combined with the integrated spine coil.

Note: Standard Atlas Body Coils cannot be used on the Titan system.

### **MVASCULAR PACKAGE**

The M-Power mVascular Software Package contains pulse sequences and imaging functions to perform Contrast MRA, Dynamic Contrast MRA (Freeze Frame) and Contrast Free MRA exams.

### MRA Software includes:

#### Visual Prep

Enables the technologist to begin scanning at the optimal time by observing the contrast medium as it flows to the target region. By using subtraction techniques, images can be displayed even more clearly and without signal inversion.



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

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# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 24 of 55

- Other features of VisualPrep include:
- WB coil scanning:
  - o View the contrast flow using the WB coil while conducting the main scan with the optimal receive coil.
  - This includes all coils supporting the SPEEDER technique.
- Dynamic scan:
  - o Execute VisualPrep at the start of the second segment and subtract images automatically in post-processing.
  - o Acquire arterial phase images in the first segment and venous-phase images in the second.
- Moving Bed:
  - Specify in each stage of MovingBed.
  - o Acquire images without contrast, then start contrast images at optimal time.
- Gated Scan: Image the heart in synchronization with cardiac contraction.

### **Moving Bed**

Allows MRA to be performed over a wide range, such as from the chest or abdomen to the lower limbs, by moving the couch-top between scans.

- Set optimal couch-top slide distances according to the flow speed of the contrast.
- Use with VisualPrep to start scanning at the optimal time.
- Enable effective fat suppression by performing shimming acquisition semi-automatically in advance at each couch-top position.

#### **STAMD**

Depicts the spatial relationship between blood vessels more clearly by changing the slice range for MIP processing in a step-by-step manner.



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 25 of 55

### **Dynamic Complex Data Subtraction**

To prevent signal inversion in the blood vessels, perform subtraction between the dynamic images and the reference image that is acquired before contrast medium injection. Subtraction is available automatically after data acquisition is completed.

### Fat Suppression in FFE 3-D Swirl Encode Imaging

The increase in the scan time is minimized by applying the fat-saturation pulse most effectively.

### FREEZE FRAME PACKAGE FOR VANTAGE

Differential Rate K-space Sampling (DRKS) provides an increase in temporal resolution without sacrificing scan resolution.

- Eliminates the need for bolus timing as multiple, high-resolution dynamic images are produced per scan.
- Uses a sophisticated method of sampling k-space by segmenting it into several parts, allowing centric segment data to be acquired more frequently.

### NON-CONTRAST MRA AND SUPERFASE PACKAGE

Provides pulse sequences effective for non-contrast vascular imaging, cardiac imaging and functions that expand the range of clinical applications.

### Fresh Blood Imaging (FBI)

- Produces angiograms and venograms without the use of contrast.
- Combines ECG gating with (FASE) Fast Advanced Spin Echo pulse sequences.
- Acquires arterial and venous flow in one acquisition, which can be viewed together or separately using an automated subtraction technique.



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 26 of 55

Integrated Atlas SPEEDER coil technology allows multiple consecutive stations to be imaged. These stations can be automatically stitched together, creating one large field-of-view image that depicts vasculature from above the femoral bifurcation to the feet.

### Contrast-Free Improved Angiography (CIA) – Flow Spoiled FBI

- An extension of Fresh Blood Imaging using additional flow spoiler gradients to produce a stronger separation between arterial and venous flow signals.
- Uses a flow preparation scan to optimize the effectiveness of the Flow Spoiler pulses. This ensures that the optimal Flow Spoiler value is selected.
- The improved visualization of slower vascular flow is especially useful for diabetic patients with compromised circulation.

### Time-SLIP (Spatial Labeling Inversion Pulse)

- Based on Arterial Spin Labeling, uses a non-selective spatial inversion pulse, spatial tag pulses and natural blood as its own tracer.
- Applicable in multiple regions of the body for both hemodynamic velocity and vascular visualization.
- Especially useful for imaging complex vessels flowing in multiple directions, such as renal arteries, portal venous system and pulmonary arteries.
- Can be used as a non-contrast MRA option for the carotid arteries.

#### **TSA**

Non-contrast, time-resolved, head-and-neck blood flow using the Time-SLIP technique with variable BB-TI times.



November 26, 2013 11:50am

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# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 27 of 55

### Time-SLIP BB TI

Non-contrast vascular imaging of the abdomen and lung fields with Time-SLIP Optimization.

- Determines optimal BBTI in FASE imaging by varying the TI at regular intervals.
- Programmable parameters are the:
  - o Initial TI value (unit: lms)
  - o Interval (1 to 500 ms)
  - o Number of repetitions (max 1000)

### SPEED (Swap Phase Encode Extended Data Acquisition)

For non-contrast vascular imaging.

- Acquires two images with phase encode directions shifted by 90 degrees for the same slice in a single scan. Then combines the images using a composite MIP post-processing technique.
- The matrix and FOV scanning parameters are automatically set to square.
- Respiratory gating can be combined with cardiac gating or peripheralpulse gating.

#### FASE BB (Black Blood)

Used for chest imaging to acquire cardiac and thoracic images with reduced blood-flow artifacts. Applies a black-blood pre-pulse to suppress the signals from blood flowing into the slice plane.

#### **Sequential FASE**

Multislice imaging of the heart and great vessels, useful for the sequential acquisition of different slice images in the same cardiac phase.

### TrueSSFP 2-D/3-D

- Rapidly obtains T2 or T1 contrast-weighted images.
- Suitable for imaging relatively longer T2 tissues and vascular structures during breath holds.
- Fat saturation is possible by dividing scans into multiple segments.



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 28 of 55

### **FSE/FASE T2 Plus**

 Reduces scan times and increases resolution with no loss of T2 contrast and SNR by promoting transverse magnetization recovery in FSE and FSE 2-D.

### FSE 3-D RealIR Head Imaging

Obtains heavily T1-weighted FSE 3-D images in a shorter time.

#### FE 3-D SSFP

Used in neuro and orthopedic applications to acquire images with T2/T1 contrast in a shorter time.

#### m-Vox

- Allows isotropic, FSE, 3-D volume acquisitions, which can then be reformatted into multiple imaging planes to increase efficiency and reduce patient imaging time.
- Can be used with T2 and T2 FLAIR contrasts.

### CARDIAC PACKAGE

This software is used to measure the ventricular volumes based on enddiastolic and end-systolic images, in order to calculate the cardiac output (CO), ejection fraction (EF) and other cardiac function parameters. This software also calculates the ventricular volume for each phase of the cardiac cycle, based on ventricular contour lines drawn in advance on images acquired in various phases, and displays a ventricular volume change curve (volume curve).

The ratio of the ventricular wall thickness at end diastole to that at end systole (% wall thickness) is obtained and displayed graphically. Cardiac and thoracic images with reduced flow artifacts can be obtained by employing the FASE BB (Black Blood) imaging technique.

This package provides new sequences that support cine imaging during breath-holding, myocardial imaging and other cardiac function examinations.



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 29 of 55

Cine images, covering almost the entire cardiac cycle, can be acquired in retrospective gating mode. This minimizes degradation of image quality due to fluctuations in the R-R interval.

### **Cardiac Function Analysis**

- Left ventricular contour creation function
- ECG-gated images for up to 24 cardiac phases can be processed using the biplane Simpson's method
- Manual creation and editing of the left ventricular inner wall contour is possible
- Automatic detection of the left ventricular inner wall contour is possible based on four-chamber cross-sectional images, including the left ventricular long-axis plane
- Cardiac parameter calculations

Left ventricular volumes are measured using the left ventricular contour lines at end diastole and end systole, and the stroke volume (SV), cardiac output (CO), ejection fraction (EF) and other cardiac function parameters are calculated based on the contour data. Each cardiac parameter is calculated in less than one second.

The following two methods are provided to calculate left ventricular volumes:

- Biplane Simpson's method
- Single-plane Simpson's method

### Volume Curve Display

The left ventricular volume in each phase of the cardiac cycle is calculated based on ventricular contour lines drawn in advance on images acquired in various phases and the volume curve (line graph) is displayed. Cardiac parameters are displayed together with the volume curve.



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

**QUOTE NO: 35082** 

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 30 of 55

### % Wall Thickness Calculation

The ratio of the ventricular wall thickness at end diastole to that at end systole is obtained by performing the calculation below for a number of points set along the cardiac wall, and the calculation result is displayed as a graph.

### **Cine Imaging**

Cine imaging is supported in the FE 2-D and FFE 2-D techniques. Sequential multislice multiphase acquisition can be performed with this package.

- Two cardiac gating modes, prospective and retrospective, are provided. (Retrospective gating mode can be selected only in systems that support this function.)
- ViewShare reconstruction is also supported in order to improve temporal resolution.

#### FASE BB (Black Blood) Imaging Function

Cardiac and thoracic images can be obtained by suppressing the signals from blood flowing into the slice plane by applying a Black Blood prepulse. The user can specify the number of slices to be acquired during a single breathhold in sequential multislice imaging.

### **Retrospective Gating**

Retrospective gating mode covers the entire cardiac cycle, including end diastole. This mode is applicable to the FFE 2-D technique.

### **PSMRA** Retrospective Mode

Retrospective cine imaging mode is supported for the PSMRA sequence in ECG-gated acquisition. Imaging with 100% coverage of one cardiac cycle is possible.

Prerequisite: To use retrospective mode, the interactive ECG-gating unit and license are required.



**November 26, 2013** 11:50am

### TOBHIBA AMERICA MEDICAL SYSTEMS, INC.

# **QUOTATION/ORDER** ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

**QUOTE NO: 35082** 

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP **MEMPHIS, TN. 38103** 

Page 31 of 55

### **Myocardial Imaging**

Images reflecting the first pass of the blood flow can be obtained by continuous scanning in synchronization with the ECG waveform. This technique is applicable to FFE 2-D sequence.

### Late-Phase Myocardial Imaging

T1-weighted images are acquired using the inversion recovery technique. This technique is applicable to FFE 2-D and FFE 3-D sequences.

### **Real-Time Motion Correction**

Images with reduced respiratory motion artifacts can be obtained by monitoring the movements of the diaphragm and adjusting the imaging plane to compensate for respiratory motion. This technique is applicable to FFE 3-D and FFE 3-D ssfp sequences.

### Whole-Heart Imaging

The combined use of the above-mentioned real-time motion correction function and FFE 3-D permits the entire 3-D area of the heart to be scanned during free breathing.

#### TI Prep

In order to set the appropriate TI value for late-enhancement scanning, images with automatically varied TI values are scanned in FFE 2-D. This technique is used with ECG or PPG, and scans the same slice while changing the TI value, such as ECG-Prep and flow Prep.

### Delay Time-Setting Tool for WH MRCA (Whole-Heart MR Coronary Angiography)

A function for setting the delay time is added to the WH MRCA scanning sequence. The appropriate delay time can be quickly preset using this function.

### **RMC Automatic Tracking Function**

In the refProbe window used for cardiac scanning, this technique can detect variation in the patient's breathing level and adjust the level of the thresholds in order to permit scanning in patients with variable breathing levels.



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE

10/8/2013

OUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 32 of 55

#### MNEURO PACKAGE

The mNeuro software package provides pulse sequences for diffusion imaging, perfusion imaging and fMRI (functional magnetic resonance imaging) as well as new imaging functions to expand the range of clinical applications.

### **Diffusion Imaging**

Images can be acquired by enhancing diffusion water molecules in the body.

#### **EPI Diffusion**

- Isotropic diffusion-weighted images can be generated through calculations based on images acquired with MPG applied in the slice, readout or phase directions.
- Apparent diffusion coefficient images can be generated by calculation using two or more images acquired with different MPG levels. It is possible to specify this method before the start of the scan.

#### BODY VISION AND DTI PACKAGE FOR VANTAGE

### **DTI - Diffusion Tensor Imaging**

Visualizes white-matter fibers running in a specific direction based on the diffusion anisotropy.

#### The following can be calculated based on the acquired images:

- Amount of diffusion in each direction
- Degree of anisotropy
- Sum of diffusion factors

### Requires at least seven sets of diffusion-weighted images:

- One set must be without MPG (motion probing gradient)
- At least six sets must be with the MPG pulses applied in different directions (with 6 directions possible).



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE: 10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 33 of 55

The information generated from the diffusion gradients can be used to calculate directional vector, which can be used to describe the trajectory of molecular motion. The fiber direction is indicated by the tensor's main linear trajectory (lamba1, lamba2 and lamba3).

### Post-Processing for Diffusion Tensor

- FA (Fraction Anisotropy) image shows the degree of diffusion anisotropy, and can be generated automatically after image acquisition.
- Lamba1, lamba2, lamba3 images (characteristic value images) are generated by converting these values from the diffusion tensor.

### Perfusion Function (ASL)

Generates perfusion-weighted images without contrast by labeling the blood with the RF pulse and using it as a tracer to obtain vascular or perfusionweighted images.

Captures images of flow components entering the slice by eliminating the stationary tissues. This is done by subtracting the tagged image, which includes the labeled flow, from the control image.

### **Functional Magnetic Resonance Imaging (fMRI)**

Generates images of local areas in which the signal intensity increases when the patient is stimulated due to the BOLD and inflow effect.

Two series of images are acquired:

- When stimulation is applied to the patient
- When the patient is at rest

#### No contrast is needed because:

- Hemoglobin is used as a native contrast medium
- Cerebral function information is assumed from the changes in signal intensity



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP **MEMPHIS, TN. 38103** 

Page 34 of 55

### Multishot FE EPI

- Single-shot EPI is modified by extending the ETS, which reduces the imaging time while ensuring the spatial resolution and SNR of a standard FE technique.
- The time required for T1 weighted-imaging of the abdomen is reduced while maintaining high-image contrast, spatial and temporal resolution.

### High b value

- Increases the contrast in diffusion-weighted images.
- The permissible maximum b value is 10000.
- An extended sampling time is used to improve the image quality.

### Diffusion for tissues with short T2

- SE\_EPI sequences with 105ms TE or less is used for tissues with
- Two types of MPG pulse application methods are available:
  - o 3-Axis
  - o Tensor
- DTI license is required for the Tensor method.

### Fat suppression

Three types of fat suppression methods are available:

- PASTA
- FatSAT (recommended for DWI of the head)
- IR

#### **SPEEDER**

Parallel imaging can be used with EPI to reduce distortion.

November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP **MEMPHIS, TN. 38103** 

Page 35 of 55

### T1 weighted imaging for the abdomen

- Use the 3-DFT-EPI technique for higher data acquisition efficiency by increasing the number of phases for dynamic scanning or for reducing breath-hold time.
- The 3-DFT technique achieves resolution in the slice direction as high as 1mm.

### V-TRACE (Variable True Rate Angiography with Combined Encodings)

This head-imaging application acquires four image contrasts in one sequence, visualizing slow- and fast-velocity vessels together. V-TRACE is especially effective for visualizing collateral vessels, which are difficult to see with standard TOF imaging.

Combines the advantages of TOF and FSBB to produce MRA images that depict blood vessels with a wide range of flow velocities, making it ideal for head imaging.

This dual-echo 3-D FE sequence generates high-intensity vascular images in a scan time nearly equivalent to only TOF or FSBB.

- First echo acquired using standard TOF
- Second echo acquired using flow-sensitive black blood (FSBB) technique
- Echoes are combined using one of two subtraction methods:
  - Simple weighted subtraction (SWS) for thin slabs in the axial plane
  - Frequency weighted subtraction (FWS) for thick slabs in any plane
- Pulse sequence type: FE3-D\_hop
- Main contrast types:
  - o 3-D TOF
  - o FSBB
  - T<sub>1</sub>W
  - Combined 3-D TOF and FSBB



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 36 of 55

- Scanning plane:
  - o Axial
  - o Coronal
  - Sagittal

V-TRACE does not employ an STC pulse for background suppression, therefore, the SAR does not increase, and the original TOF image can be used as a T1W 3-D image.

### DIFFUSION TENSOR TRACTOGRAPHY APPLICATION

This application creates various types of diffusion maps and allows visualization of multiple white matter tracts based on the diffusion tensor imaging data.

- Isotropic DWI
- Isotropic ADC
- Mean B0
- ColorMap 1/2/3
- Lambda 1/2/3

### GATING-W/T.100

### **GATING PACKAGE -- WIRELESS**

#### WIRELESS CARDIAC GATING UNIT

Performs wireless ECG gating for cardiovascular MR examinations that require gating.

### WIRELESS PERIPHERAL / RESPIRATORY GATING PACKAGE

Performs wireless peripheral and respiratory gating for cardiovascular, MRA and body MR examinations that require gating.



### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

OUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 37 of 55

#### DICOM STORAGE COMMITMENT KIT

Guarantees the receiver that another device has taken ownership of the images sent.

- Identifies that images have been sent to a destination
- Stores selected images on a DICOM-compliant server
- Obtains commitment to retain the images

Note: This is a single user license. A separate license must be ordered for each console.

### DICOM Q/R SCP UNIT

Query and retrieve image data on the MR console from a network image server, such as PACS.

Note: This is a single user license. A separate license must be ordered for each console.

### **VIDEO FADER**

**CONSOLE DESK 65" X 36" X 30"** 

Measures 65" x 36" x 30"

#### SILENT SCAN STEREO AND INTERCOM SYSTEM

Includes the following:

### **Patient Microphone**

Patient's headset has a built-in microphone for crystal-clear communication between technologist and patient. Coupled with Pianissimo technology, the patient will be heard, regardless of scan type or location within the MRI bore.

### **Patient Alarm System**

A hand-held, rubber squeeze bulb for claustrophobic patients to trigger an audible alarm at the communication console.



November 26, 2013

# 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP **MEMPHIS, TN. 38103** 

Page 38 of 55

### **Communication Console**

Includes a flexible, gooseneck microphone for effortless patient communication.

### **Patient Comfort Music Headset**

Offers hearing protection and allows patients to relax to music, free from gradient noise. Careful matching of transducer characteristics and filter design provides remarkably clear music.

### LCD MONITOR FOR ECG

ELECTRODE PADS (BOX OF 25) (Qty 2)

### PATIENT PADS FOR SPINE AND EXTREMITY **OVERHEAD CABLE INSTALLATION**

Allows for overhead cable installation during scanner installation.

### **GANTRY LIGHTING OPTION**

The ambient gantry lighting kit provides a soothing blue glow on the front cover of the magnet. Patients who see a bright friendly scanner will ultimately respond more positively and tolerate the scanning process more effectively.

MA-5089-PSP.100

### PROTON SPECTROSCOPY FOR TITAN

### PROTON SPECTROSCOPY PACKAGE (SINGLE VOXEL)

This optional package is fully integrated in the imaging routine to provide spectral and metabolic information.



November 26, 2013 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

**QUOTE NO: 35082** 

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 39 of 55

### PERFORMANCE SPECIFICATIONS

### **Data Acquisition**

- Single-voxel spectroscopy using a Spin Echo (SE) or Stimulated Echo sequence
  - o Repetition Time (TR) 1,500 to 30,000 ms
  - o Echo Time (TE)
- Spin Echo:
  - o 25 ms
  - o 136 ms
  - 272 ms
- Stimulated Echo: 10 ms, 20 ms
  - o Orthogonal or oblique voxel orientation
  - o Minimum voxel size 10x10x10 mm, variable
  - o Maximum number of acquisitions 2048, variable
  - o Voxel localization set ROI on the arbitrary MR image
  - o Automatic prescan
- Transmitter Gain Control
  - Local shimming
  - Center frequency
  - Water suppression (flip-angle optimization)
  - o Receiver gain

### **Data Processing**

The following functions are automatic:

- Receiver gain correction
- Baseline correction
- DC offset correction
- Filtering: exponential filters
- Phase correction



**November 26, 2013** 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 40 of 55

- Curve fitting
- Statistical processing measurements of:
  - o Peak
  - o Area
  - o Area ratio to creatine (Cr)
- Scaling
  - o Y-axis (signal intensity)
  - o X-axis (frequency)

### The following processes are possible with the user interface:

- Base line correction polynomial fitting
- Manual phase correction

### **Display**

- Post-processed spectrum
- Peak information
- ROI on the locator image
- Data management
- Hard disk
- External MOD or DVD

Note: This software package is compatible with the M-Power user interface and hardware.

#### MA-5089-APMV.100

#### ADVANCE PROTON MULTI-VOXEL SPECTROSCOPY PACKAGE

#### ADVANCED PROTON MULTI-VOXEL SPECTROSCOPY PACKAGE

This package enables data acquisition and processing for multi-voxel proton spectroscopy using a Spin Echo (SE) sequence to provide spectral and metabolic information.

**November 26, 2013** 11:50am

### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

# QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 41 of 55

### Performance Specifications

### **Data Acquisition**

- TR 1,500 to 30,000 ms
- TE 136 ms, 272 ms
- Orthogonal or oblique voxel orientation
- Minimum voxel size 5x5x5 mm, variable
- Maximum number of acquisitions 256, variable
- Matrix size
  - o 1 dimensional: 8,12,16,24,32,48,64
  - 2 dimensional: 8, 12, 16, 24, 32
- Voxel localization set ROI on the arbitrary MR image
- Automatic prescan

### **Transmitter Gain Control**

- Local shimming
- Center frequency
- Water suppression (flip-angle optimization)
- Receiver gain

### **Data Processing**

The following functions are automatic:

- Receiver gain correction
- Baseline correction
- DC offset correction
- Filtering: exponential filters
- Phase correction
- Curve fitting
- Statistical processing measurements of:
  - Peak
  - o Area
  - Area ratio to creatine (Cr)



November 26, 2013 11:50am

#### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

#### QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 42 of 55

- Scaling
  - Y-axis (signal intensity)
  - X-axis (frequency)

The following processes are possible with the user interface:

- Base line correction polynomial fitting
- Manual phase correction

#### **Display**

- Single-voxel
- Multi-voxel
- Chemical Shift Imaging (CSI): Addition, subtraction and division for two metabolites
- Peak information
- ROI on the locator image
- Data management
- Hard disk
- External MOD or DVD

Prerequisite: Proton Spectroscopy package

#### HIGH ORDER SHIM KIT FOR TITAN

Expands the number of shim channels to a total of eight for higher order shimming.

Note: This is a factory option. It cannot be field retrofitted. Note: This is recommended for all spectroscopy options.



November 26, 2013 11:50am

#### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

#### **QUOTATION/ORDER** ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

**QUOTE NO: 35082** 

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 43 of 55

#### PACT78S3-T4-ZTM.001

#### DRAKE HEAT EXCHANGER DUAL LOOP 460 FOR TITAN OR ATLAS Z

The Drake Dual Loop Chiller is composed of a base unit and the Indoor Heat Exchanger. The Indoor Heat Exchanger is supplied as standard equipment and is placed in the MRI equipment room. The base unit (chiller) is installed on the outside of the building, typically on a concrete pad. Advantages include ease of installation and a smaller footprint in the MRI equipment room. The chiller comes with a remote monitor that provides remote indications of chiller operation.

Note: The PACT78S3-T3-ZTM 208 Vac and PACT78S3-T4-ZTM 460 Vac chillers are designed to operate in ambient temperatures of -20F to 125° F.

#### **VRDUATLASTITANH**

#### TEAL VOLTAGE REGULATOR FOR TITAN AND ATLAS, 480 V

The TEAL voltage regulator (VRDU) is a highly reliable, dual-conversion power conditioner. It is designed to address the vast majority of common power problems found in an imaging environment, thus providing clean regulated power and good grounding for optimal reliability and performance of MRI systems.

#### **Power Conditioning**

The VRDU contains a shielded, ultra-low impedance isolation transformer coupled with filtering and surge suppression to make a complete power conditioning package. The quality of power to the Toshiba MRI system is improved in many ways:

- The isolation transformer re-references the power line to the local ground point (with connection to local building steel), isolating the system from upstream, ground-quality problems.
- The transformer shield helps protect against ground impulses and noise ("common mode" disturbances).
- The sine wave tracking filter protects against both high-frequency noise and fast-voltage impulses ("normal mode" disturbances), clamping spikes and filling in notches.
- The surge suppressors protect against slower voltage impulses that have frequency below the filter cutoff.



November 26, 2013 11:50am

#### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

#### QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 44 of 55

#### Voltage Conversion

Wiring costs are significantly reduced since the VRDU accepts a single, 480V delta input with code minimum ground, supplying 120/208V, 3-phase WYE to the generator and the various other parts of the system.

#### Distribution

The VRDU comes prepackaged with distribution circuit breakers needed to feed the specific distribution breakers.

#### Control

The VRDU includes a circuit breaker on the input (primary) control signal for remote, emergency off control of the circuit breaker.

#### Impedance Control

The ultra-low impedance design of the isolation transformer helps ensure the power feed meets the low impedance requirement of today's MRI labs as spelled out in the Toshiba Optimal Power Specifications (TOPS) manuals.

#### **Approvals**

UL listing will reduce time and uncertainties in obtaining local electrical inspection approvals.

#### MJAJ-197A/J1

#### 4-CHANNEL FLEX SPEEDER COIL

This versatile, 4 element coil's flexible design allows it to wrap around extremities, joints and a variety of other anatomical areas the user wishes to image.

#### MJAJ-217A/S1

#### 16-CHANNEL FLEX SPEEDER MEDIUM COIL

The medium 16-element flexible coil is designed to be lightweight and easy to position for multiple clinical applications. The coil:

- Easily wraps around extremities, joints and a variety of other anatomical areas the user wishes to image
- Lies flat for long bone studies



November 26, 2013 11:50am

#### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

#### QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 45 of 55

- Combines with other integrated coils to create a posterior and anterior array for maximum contrast and spatial resolution
- Has a pre-amplifier located on it, so there's no extra box to deal with when positioning the coil on the patient

Note: On an 8-channel RF system this coil operates as an 8-element coil.

#### MJCA-207A/S1

#### FLEX COIL POSITIONING PAD SET

The Flex Coil Positioning Pad Set contains positioning accessories for ankle, knee, elbow and other clinical applications. The pad set will facilitate in positioning the coil easily and reliably for optimal image quality.

#### MJAH-167A.100

#### OCTAVE HEAD SPEEDER COIL

#### OCTAVE HEAD SPEEDER COIL

Combined head/neck coil has up to 11 elements, making it ideal for head, neck and neurovascular studies.

- This array coil is part of the Octave integrated coil design and can be used in combination with the Octave spine and body coils.
- Advanced coil technology permits the use of up to 11 coil elements for excellent coverage as well as high signal-to-noise ratio.
- Head coil base has seven elements enabling image acquisition without the anterior attachment for the most claustrophobic
- Tiltable up to 15 degrees to accommodate kyphotic patients.

#### TILTABLE OCTAVE HEAD COIL BASE



November 26, 2013 11:50am

#### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

#### QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 46 of 55

#### MJAJ-177A/S1

#### SHOULDER SPEEDER COIL

High Resolution, SPEEDER compatible, 6 Element Array coil. The unique design incorporates flexible coil elements both posterior and anterior which provides excellent deep tissue visualization of the shoulder joint anatomy. The design also allows for use on patients of all sizes and easily switches for right or left shoulder scanning applications. Pads, securing strap and Operator's Manual are included.

Prerequisite: v9.51 Software

#### MJAS-167A/S1

#### OCTAVE SPINE SPEEDER COIL

Feet-first positioning maximizes patient comfort and increases flexibility with this moveable, 12-element array suitable for spine studies with optimal signal-to-noise ratio. This coil is integrated into the patient table and can remain on the table for most exams.

- The spine coil can be positioned at either end of the table to accommodate feet first imaging.
- Works with the Atlas body coils to form the posterior elements of the array. Together the spine and body coils can be used for imaging the spine, abdomen, pelvis and lower extremities.

#### SK-03050-1KD

#### CONSOLE DESK 65" X 36" X 30"

Measures 65" x 36" x 30"

TOTAL OUOTE PRICE Applicable Sales Tax Additional

\$1,348,527.00



November 26, 2013 11:50am

#### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

#### QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 47 of 55

#### **OPTIONS**

TITAN16-32CH.100

TITAN 16-CHANNEL TO TITAN 32-CHANNEL RF ELECTRONICS

(FACTORY OPTION)

add

\$139,226.00

MCARDIAC-T.100

MCARDIAC PACKAGE FOR TITAN

add

\$13,933.00

MSSW-LOCCA/S1

**CARDIOLINE SOFTWARE** 

add

\$30,355.00

This application automates the acquisition of the six basic cardiac planes of the heart reducing total scan time. The horizontal long axis, vertical long axis, short axis, 4-chamber, 2-chamber and 3-chamber views are detected using a mulitislice image as an input, and then are automatically displayed. The cardiac planes are then used for sequence planning and acquisition. CardioLine allows adjustment to the orientation and position of the detected cardiac planes via MPR display.

MJAB-187A/J1

32-CHANNEL CARDIAC / ABDOMINAL ARRAY COIL

add

\$71,500.00

This coil provides the maximum acceleration factors for superior cardiac imaging. It utilizes a 16-element anterior with a 16-element posterior piece. The anterior piece may be used independently of the posterior portion and may also be used with the Atlas Spine elements for a more integrated solution.



November 26, 2013 11:50am

#### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

#### QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO: 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 48 of 55

#### **ADDENDUM**

ALL INFORMATION CONTAINED IN THIS QUOTATION IS CONFIDENTIAL AND MAY NOT BE DISCLOSED TO ANY THIRD PARTY WITHOUT TOSHIBA'S PRIOR WRITTEN CONSENT.



November 26, 2013 11:50am

#### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

#### QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO:

35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 49 of 55

#### PRODUCT WARRANTY AND SERVICES COVERAGE

#### SYSTEM WARRANTY TERMS

Toshiba America Medical Systems, Inc. (TAMS) warrants to Customer that the product(s) to be delivered hereunder will be free from defects in material, manufacturing workmanship, and title. Any product or part furnished to Customer during the warranty period (stated in the table below) to correct a warranty failure shall be warranted to the extent of the unexpired term of the warranty applicable to the repaired or replaced

The warranty period shall commence on the date the Product is delivered to Customer. However, if TAMS installs the product, the warranty period for such product shall commence on the date the installation of the product is complete. Notwithstanding the foregoing, in the event that the installation of the product is delayed for a total of thirty (30) days or more from the date of delivery for any reason or reasons for which TAMS is not responsible, the warranty period for such product may, at TAMS' option, commence on the thirtieth (30th) day from the date such product is delivered to Customer.

#### WARRANTY EXCLUSIONS

Warranty coverage does not include any defect which results, in whole or in part, from (1) negligent storage or handling of the product by Customer, its employees, agents, or contractors, (2) failure of Customer to prepare the site or provide power requirements or operating environmental conditions in compliance with any applicable instructions or recommendations of TAMS, (3) absence of any product, component, or accessory recommended by TAMS but omitted at Customer's direction, (4) any design, specification or instruction furnished by Customer, its employees, agents, or contractors, (5) any alteration of the product by persons other than TAMS, (6) combining TAMS' product with any product furnished by others, (7) combining incompatible products of TAMS, (8) improper use of the product, improper maintenance of the product by a party other than TAMS, or failure to comply with any applicable instructions or recommendations of TAMS, or (9) acts of God, acts of civil or military authority, fires, floods, strikes or other labor disturbances, war, riot, or other causes beyond the reasonable control of TAMS.

TAMS does not warrant any products not manufactured by Toshiba such as, without limitation, monitors, cameras, computer equipment, etc. Such items will be furnished subject only to the manufacturer's warranty, if any, and without any warranty whatsoever by Toshiba.

Warranty coverage also excludes consumables, including but not limited to cassettes, magazines, imaging screens, disks, cartridges, etc.

#### GLASSWARE WARRANTY

Glassware, including X-ray tubes and Image Intensifiers, are provided separate warranties. Glassware included with the purchase of a new system is governed by the glassware warranty, described below, not the system

CT X-ray tubes carry a prorated warranty based on the number of rotations shown below or 12 months, whichever comes first.

Tube Type	Prorated Warranty
CXB-750/D/4A Aquilion 16, 32 and 64 system	200,000 rotations*
models	
CXB-750/E/2A (Megacool™ V) Aquilion	150,000 rotations*
Premium	
CXB-750/E/2A (Megacool™ V) Aquilion ONE	150,000 rotations*
CXB-750F/2A - Aquilion ONE ViSION	100,000 rotations*
CXB-750G/2A Aquilion PRIME	200,000 rotations*

<sup>\*</sup>A rotation is any 360-degree or single rotation of the gantry with X-rays on.

The following time-based warranty terms apply to all other glassware:

Tube Type	Time-Based Warranty
Liquid Bearing Tubes (DSRX-TXXXX)	12 months, non-prorated
All Other X-ray tubes	12 months, non-prorated
Image Intensifiers	18 months, non-prorated

#### GLASSWARE PRORATION CALCULATION:

Credits for glassware that fails during the warranty periods stated above will be calculated as follows:

Tubes with Prorated Rotation Warranty:

Number of Rotations Used Credit = 1 - 1 Number of Rotations Warranted

Credit will be applied to the purchase of the replacement X-ray tube or Image Intensifier. Complete glassware coverage during warranty period may be purchased from the local services organization at an additional charge.



November 26, 2013 11:50am

#### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

#### QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

QUOTE NO:

35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 50 of 55

#### Tubes with Non-Prorated, Time-Based Warranty:

Tubes with a non-prorated warranty will be replaced during the initial warranty period at no charge to the customer. The replacement tube carries the remainder of the original warranty. For example, a tube with a 24-month non-prorated warranty fails at month thirteen (13), the tube is replaced at no charge and carries eleven (11) months of warranty.

If TAMS determines that any product fails to meet any warranty during the applicable warranty period, TAMS shall correct any such failure by either, at its option, repairing, adjusting, or replacing without charge to Customer any defective or nonconforming parts of the product. TAMS shall have the option to furnish either new or remanufactured replacement parts or assemblies. During the warranty period, Toshiba will furnish free of charge any upgrades, including software required to correct any defect in the warranted products or as required under applicable laws.

#### WARRANTY SERVICE

Warranty service during the applicable warranty period will be performed without charge to Customer during TAMS' normal business hours, Monday through Friday, excluding holidays. Subject to the availability of personnel, after-hours service is available upon request at an additional charge.

The remedies set forth herein are conditional upon Customer promptly notifying TAMS within the applicable warranty period of any defect or nonconformance and making the product available for correction.

#### DISCLAIMERS AND LIMITATIONS ON LIABILITY

TAMS' obligation to repair or replace defective parts will be Customer's sole and exclusive remedy for a breach of the warranty set forth above. SUCH WARRANTY WILL BE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

In no event shall TAMS be liable for special, incidental or consequential damages. Toshiba does not warrant that the operation of the warranted products will be uninterrupted.

#### WARRANTIES BY PRODUCT LINE

	COMPUTERIZED TOMOGRAPHY	MAGNETIC RESONANCE	PACS SYSTEMS	ULTRASOUND	X-RAY VASCULAR	X-RAY R/F & RAD
SYSTEMS AND MAJOR COMPONENTS	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months
ACCESSORY OPTIONS	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months
REPLACEMENT & OPTIONAL PARTS	90 Days	90 Days	90 Days	90 Days	90 Days	90 Days
UPGRADE COMPONENTS	90 Days	90 Days	N/A	12 Months	6 Months	6 Months
MISC. WARRANTY ITEMS	Detectors: Solid State 12 Months	N/A	N/A	Transducers: 12 Months	N/A	N/A

Leading Innovation >>>

#### **SUPPLEMENTAL-#1**

November 26, 2013 11:50am

#### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

#### QUOTATION/ORDER ORDER DETAIL

SID NO:

30004918

DATE:

10/8/2013

OUOTE NO:

35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 51 of 55

#### **TERMS AND CONDITIONS OF SALE**

- 1. <u>GENERAL TERMS</u>. Unless otherwise specified on the face of this document, this Quotation/Order ("Agreement") will remain valid only if accepted by Customer no later than 60 days from date of submission to Customer.
- 2. TITLE AND RISK OF LOSS. Title and risk of loss to the Equipment purchased under this Agreement will pass to Customer: (a) if Toshiba is to provide installation, upon Toshiba's completion of installation, or (b) if Toshiba will not provide installation, upon delivery by Toshiba to a common carrier at Toshiba's facility from which the Equipment is shipped.
- 3. TERMS OF PAYMENT. Prices stated are F.O.B. Customer's facility. All taxes which are payable by Toshiba in connection with the sale, use, or possession of the Equipment (excluding income taxes), will be paid by Customer in addition to the quoted price. Terms of payment for, C.T., M.R.I, X-Ray, and the McKesson System will be cash-10% upon execution of this Agreement, 70% upon delivery, balance due upon completion of installation and/or availability for first use, whichever is earlier. Terms of payment for Ultrasound will be cash-10% upon execution of this Agreement, 90% NET upon completion of installation and/or availability for first use, whichever is earlier. All invoices paid after due date will be assessed a late payment charge of the lesser of 1 1/2% per month or the maximum rate permitted by law.
- 4. <u>DELAYS</u>. If Customer changes the scheduled delivery date specified on the face of this document ("Scheduled Delivery Date") during the period of 120 days preceding such date, Customer will nevertheless pay the installment of the purchase price which would have been payable upon delivery, on the Scheduled Delivery Date as if delivery had been made on such date. In addition, Customer will pay all extra costs incurred by Toshiba as a result of such delay, including, without limitation, storage and transportation. Storage fees will be charged at commercially comparable rates for storage on Toshiba's site. If delivery is delayed by 12 months or more from the Scheduled Delivery Date, except through the fault of Toshiba, the price set forth in this Agreement may be increased by Toshiba to a level equal to the prevailing price in effect at the time of the revised delivery date.
- 5. <u>ACCEPTANCE BY TOSHIBA</u>. This Quotation/Order will not be binding on Toshiba even if signed by a Toshiba employee, until Customer's order for the Equipment is booked by Toshiba's Headquarter office.

- 6. EQUIPMENT INSTALLATION. Toshiba will install all Equipment purchased under this Agreement and connect them to existing power and/or plumbing lines at no additional charge to Customer. Customer will be responsible for electrical wiring, plumbing, carpentry, plastering, painting, or all other site preparation required prior to installation and connection of the Equipment by Toshiba. Customer will provide space at the installation site for the safe storage of Toshiba's tools, test equipment and other materials used for installation at no charge to Toshiba. Customer shall, at its cost, obtain all permits and licenses required by governmental authorities in connection with the installation and operation of the Equipment. The Equipment may contain certain components, which may have been re-manufactured. However, such components will meet the manufacturer's specifications for new components as of the date of completion of installation. Customer acknowledges that the System and Software are designed to operate within certain power, temperature, airborne contamination, and Customer will be responsible for, without humidity ranges. limitation: (i) preparing and maintaining the Customer facility in conformance with the Site Preparation Guide; (ii) maintaining its network infrastructure; (iii) providing Toshiba, McKesson or its subcontractors access to a network connection in or near the area of the System being serviced by the equipment service staff; and (iv) supplying computer grade AC power. The Equipment relies upon a stable grounded connection to the main power grid in order to function effectively. Customer acknowledges that AC power supply quality may be a problem in old facilities or in those facilities receiving poor quality utility service and that power conditioning may be necessary in such cases.
- 7. EQUIPMENT OPERATION. Customer agrees that all Equipment purchased under this Agreement will be operated exclusively by duly qualified technicians and/or medical doctors in a safe and reasonable manner in accordance with Toshiba's written instructions, applicable laws and regulations, and for the purposes for which such Equipment was intended.
- 8. LIMITED WARRANTY AND REMEDY. A. For the Toshiba Equipment: For the warranty period described below by product, Toshiba, as its only obligation, will replace or repair, without charge to Customer during Toshiba's normal working hours (if Customer requests warranty service outside such hours, Customer will pay overtime premium for labor), any component of the Equipment that is defective in materials or workmanship, provided such defect is reported to Toshiba within the warranty period. Toshiba's warranty



November 26, 2013 11:50am

#### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

10/8/2013

#### QUOTATION/ORDER ORDER DETAIL

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103 SID NO:

30004918

0

QUOTE NO:

35082

Page 52 of 55

period is as follows: (a) Systems and Major Components – one year from date of completion of installation; (b) Accessories/Options (except glassware) – six months from date of completion of installation. Components not manufactured by Toshiba will be furnished subject only to the manufacturer's warranty, if any, and without any warranty whatsoever by Toshiba. During the warranty period, Toshiba will furnish free of charge any upgrades, including software required to correct any defect in the Equipment or as required under applicable laws.

B. For the McKesson System: The McKesson System ("System") will be covered by a 12-month warranty beginning the date of completion of installation of the System (the "Warranty Period"). The warranty covers repair of any defects in materials or workmanship related to the computer equipment ("Equipment") that is included in the System purchased by Customer under this Agreement. The warranty also covers correction of any McKesson software ("Software") that does not conform with its functional specifications. In order to receive services during the Warranty Period, Customer must provide McKesson and Toshiba with remote access through a VPN. During the Warranty Period, Customer is entitled to (a) all Generally Available Software Updates except for Updates that are separately priced and marketed by Toshiba or McKesson, and (b) all Generally Available Software Upgrades, except for Upgrades that are separately priced and marketed by Toshiba or McKesson. "Software Updates" means Software modifications, enhancements, corrections, improvements, and patches to the existing functionality of Customer's licensed version of the McKesson Software (e.g., version 4.1 to 4.3 to 4.5). "Software Upgrades" means new versions and future releases of the McKesson Software (e.g. version 4.x, 5.x, 6.x). Software Updates or Upgrades that provide new features not originally purchased may be separately priced and marketed. Software Updates and Software Upgrades to the McKesson Software will be delivered remotely, on-line. The warranty does not include any non-McKesson Software, the labor and travel expenses associated with on-site installation of a Software, or any hardware addition or modification.

The warranty set forth in this Section will not apply:

- if Customer operates the Software on equipment other than Equipment purchased from Toshiba or attaches other equipment to the System not approved by Toshiba;
- if a person or entity other than McKesson or its authorized third party suppliers modifies the Software;
- as a result of Customer's improper use, abuse, neglect of the Equipment, including failure to maintain environmental conditions within the operating range specified by the Equipment

manufacturer or accident;

DATE:

- d. as a result of viruses or other corruption caused by external entities; or
- e. for damages resulting from a Force Majeure condition described in Section 13 below.
- The Following Applies to Both the Toshiba Equipment and the McKesson System: Toshiba does not warrant that the operation of the Equipment of the System will be uninterrupted. All defective parts replaced by Toshiba will become the property of Toshiba. Replacement parts may be re-manufactured. However, such parts will meet the manufacturer's specifications for new components as of the date of completion of installation, TOSHIBA'S OBLIGATION TO REPAIR OR REPLACE DEFECTIVE PARTS OR SOFTWARE WILL BE CUSTOMER'S SOLE AND EXCLUSIVE REMEDY FOR A BREACH OF THE WARRANTY SET FORTH IN THIS AGREEMENT. SUCH WARRANTY WILL BE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING LIMITATION, THE WARRANTIES MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. The warranty set forth in this Agreement will not apply to, and Toshiba will not be liable for any defects resulting from misuse, repairs performed by unauthorized third parties, accidents, acts of God, or neglect of anyone other than Toshiba.
- LIMITATION OF LIABILITY. NEITHER TOSHIBA NOR CUSTOMER WILL UNDER ANY CIRCUMSTANCES BE LIABLE CONSEQUENTIAL. SPECIAL. INCIDENTAL. EXEMPLARY DAMAGES OR ECONOMIC LOSS ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT, EVEN IF EITHER PARTY IS APPRISED OF THE LIKELIHOOD OF SUCH DAMAGES OCCURRING. IN NO EVENT WILL EITHER PARTY'S LIABILITY TO THE OTHER (WHETHER BASED ON AN ACTION OR CLAIM IN CONTRACT, TORT, INCLUDING NEGLIGENCE, STRICT LIABILITY, OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT EXCEED THE AGGREGATE AMOUNT ACTUALLY PAID BY CUSTOMER TO TOSHIBA UNDER THIS AGREEMENT. THE LIMITATION OF LIABILITY SET FORTH ABOVE WILL NOT APPLY TO CLAIMS FOR PERSONAL INJURY OR PROPERTY DAMAGE CAUSED BY EQUIPMENT DEFECTS, OR TO CLAIMS FOR PATENT INFRINGEMENT.
- 10. <u>SECURITY INTEREST</u>. To shiba hereby reserves and Customer grants to Toshiba a security interest pursuant to the Uniform Commercial Code, in and to the Equipment (and all products and proceeds of it) until full payment of the purchase price is received.



November 26, 2013 11:50am

#### TOSHIBA AMERICA MEDICAL SYSTEMS, INC.

#### QUOTATION/ORDER ORDER DETAIL

DATE: 10/8/2013

SID NO: OUOTE NO: 30004918 35082

PRESENTED TO: LE BONHEUR CHILDRENS HOSPITAL 50 N DUNLAP MEMPHIS, TN. 38103

Page 53 of 55

In the event that Customer finances its acquisition of the Equipment through a lease, conditional sale contract, secured loan agreement or other financing agreement (collectively, "Lease") with Toshiba, then the security interest in the Equipment (and all products and proceeds thereof) shall secure all obligations of Customer due and to become due under the Lease.

- 11. REMOVAL OF EQUIPMENT. Until Toshiba has received full payment of the purchase price, Customer will not remove all or any part of the Equipment from Customer's premises, nor will Customer sell, lease, transfer or otherwise part with the possession of, or permit any lien or encumbrance to be placed on all or any part of the Equipment.
- 12. REMEDIES OF TOSHIBA. If Customer fails to make any payment when due under this Agreement or under any other agreement between Customer and Toshiba, or becomes insolvent or makes an assignment for the benefit of creditors, or if a petition in Bankruptcy is filed by or against Customer, or if the financial responsibility of Customer becomes impaired or unsatisfactory in Toshiba's reasonable judgment, or if Customer otherwise breaches any of the terms and conditions of this Agreement, then Toshiba may, without prior notice or demand, defer shipments, cancel the balance of the order, suspend performance of any obligation (including without limitation, all obligations set forth under Limited Warranty And Remedy above), and/or take immediate possession of the Equipment delivered, until the full purchase price of the Equipment is paid by Customer or, at Toshiba's discretion, until security satisfactory to Toshiba is given by Customer. Any costs incurred by Toshiba as a result of suspending performance or repossession or collection will be payable by Customer. Toshiba may sell repossessed Equipment with proceeds to be applied to unpaid balance and expenses incurred in sale, repossession and collection. Customer will pay any remaining deficiency. Toshiba may exercise any other rights available to it by law.
- 13. EXCUSED PERFORMANCES. Neither party will be liable to the other for non-performance or delay in performance resulting directly or indirectly from any occurrences beyond such party's control, including without limitation, strikes or other labor troubles, acts of God, war, accidents, fires, floods, other catastrophes, inclement weather, transportation, unavailability of materials and labor, delays caused by suppliers, or laws, regulations, or acts of any governmental agency.

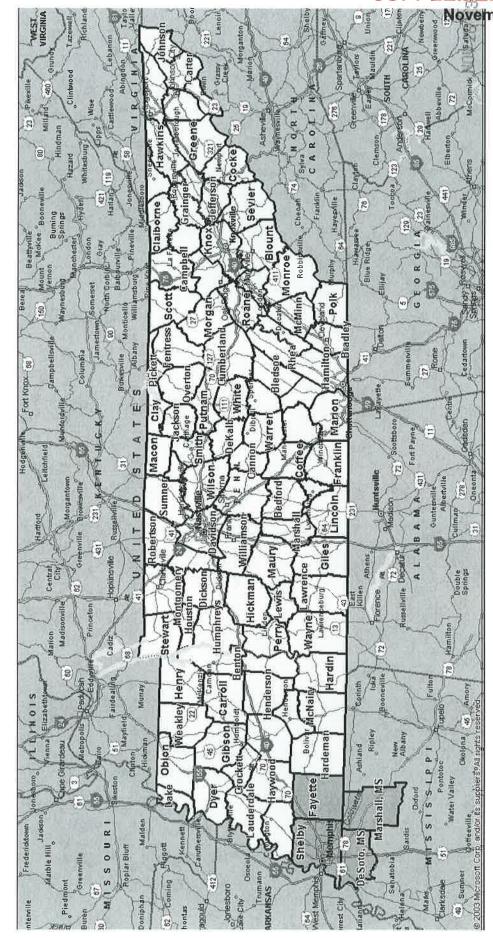
- 14. <u>SOFTWARE</u>. All rights and interest in any software that may be furnished under this Agreement, and any updates and enhancements to it, will remain the property of Toshiba. Such software is being furnished to Customer under a non-exclusive license. Customer will not, or allow others to decompile, modify, copy, reproduce, or transcribe the software nor allow third parties to use the same without Toshiba's prior written consent. Upon Toshiba's request, Customer will execute an End-User Software License Contract, in a form to be mutually agreed between the parties.
- 15. <u>CANCELLATION</u>. Customer may not cancel the order subject to this Agreement except with Toshiba's prior written consent. In the event of such cancellation, Toshiba will be entitled to recover any and all damages suffered by it caused by the cancellation as allowed by law, but in no event less than an amount equal to twenty percent (20%) of the purchase price for a restocking charge.
- 16. <u>ASSIGNMENT</u>. Neither party may assign any of its obligations under this Agreement without the prior written consent of the other party However, some of the obligations stated in this Agreement, such as the ones relating to installation of the McKesson System and warranty may be performed by Toshiba's contractors or suppliers.
- 17. EXPORT REGULATIONS. This Agreement involves products, and/or technical data that may be controlled under the U.S. Export Administration Regulations and may be subject to the approval of the U.S. Department of Commerce prior to export. Any export or reexport by Customer, directly or indirectly, in contravention of such Regulations is prohibited.
- 18. <u>ATTORNEY'S FEES AND COSTS.</u> In the event of any legal proceeding involving any party to this Agreement against the other relating to the subject matter of this Agreement, the prevailing party in such proceeding will be entitled to recover attorney's fees, expert fees, and court costs against the non-prevailing party.
- 19. ENTIRE AGREEMENT. This quotation as well as the attached McKesson Pass Through Terms and Conditions contains the entire agreement between the parties and supersedes all prior and contemporaneous agreements between the parties, whether oral or written, relating to its subject matter, including, without limitation, all different or additional terms and conditions which may be contained in Customer's bid documents, purchase order or any other documents furnished by Customer. The provisions of this Agreement may not be modified unless in writing and executed by both parties.

November 26, 2013 11:50am

#### **Attachment 5 Service Area Map**

November 26, 2013 11:50am

# e Bonheur Service Area



November 26, 2013 11:50am

# Attachment 6 Demographic Chart for Service Area

SUPPLEMENTAL- # 1 November 26, 2013 11:50am

Demographic Chart - Methodist Service Area

	Shelby	Fayette	Tipton	DeSoto	Marshall	Service Area	Tennessee
	County	County	County	County	County		
Current Year (CY), Age 65+	106,233	6,298	7,495	18,606	5,039	143,671	939,436
Projected Year (PY), Age 65+	129,053	7,417	8,898	22,475	5,674	173,517	1,104,190
Age 65+, % Change	21%	18%	19%	21%	13%	21%	18%
Age 65+, % Total (PY)	13%	19%	14%	13%	16%	14%	17%
CY, Total Population	943,588	38,617	61,519	167,335	36,340	1,247,399	6,469,063
PY, Total Population	971,931	39,169	62,561	175,657	35,335	1,284,653	6,678,670
Total Pop. % Change	3%	1%	2%	5%	-3%	3%	3%
TennCare Enrollees	227,649	5,604	11,511			244,764	1,193,721
TennCare Enrollees as a % of Total Population	24%	15%	19%			20%	18%
Median Age	35.1	42.3	36.9	35.7	38.4	35.6	38.6
Median Household Income	\$ 46,102	\$ 57,437	8 50,869	\$ 59,734	\$ 33,279		\$ 43,989
Population % Below Poverty Level	20.1%	11.7%	15.3%	9.5%	24.2%	-	16.9%
Sources: Truven Healthcare Analytics- Market Expert (Claritas/Census Data) 2013 and 2018, Bureau of TennCare Enrollment Data 2013 and Census Bureau Quick Facts	Expert (Claritas/C	ensus Data) 2013	and 2018, Bureau	of TennCare Enro	Ilment Data 2013	and Census Bure	au Quick Facts

November 26, 2013 11:50am

#### **Attachment 7**

Projected Data Chart for Pediatric Outpatient Center Only and Other Operating Details

November 26, 2013 11:50am

#### Projected Data Chart Le Bonheur Pediatric Outpatient Center - Project Only

Give information for the (2) years following the completion of the fiscal year begins in January.	f this proposal. <b>Year 1</b> <b>2017</b>	Year 2 2018
A. Utilization Data (specific unit of measure)     Total Imaging Procedures	5,453	6,210
<ul> <li>B. Revenue from Services to Patients</li> <li>1. Inpatient Services</li> <li>2. Outpatient Services</li> <li>3. Emergency Services</li> <li>4. Other Operating Revenue (Specify)_</li> </ul> Gross Operating Revenue	16,467,943 	19,128,768 - - - 19,128,768
<ul> <li>C. Deductions for Operating Revenue</li> <li>1. Contractual Adjustments</li> <li>2. Provision for Charity Care</li> <li>3. Provisions for Bad Debt</li> </ul> Total Deductions	7,827,943 121,961 317,004 <b>8,266,908</b>	9,679,292 149,015 397,052 <b>10,225,359</b>
Net Operating Revenue	8,201,035	8,903,409
<ul> <li>D. Operating Expenses</li> <li>1. Salaries and Wages</li> <li>2. Physician's Salaries and Wages</li> <li>3. Supplies</li> <li>4. Taxes</li> </ul>	2,165,471 8,697 60,038	2,219,608 8,914 63,993
<ul> <li>5. Depreciation</li> <li>6. Rent</li> <li>7. Interest, other than capital</li> <li>8 Management Fees:</li> <li>a. Fees to Affiliates</li> <li>b. Fees to Non-Affiliates</li> </ul>	1,915,918	2,044,638
9 Other Expenses (Specify) see attached Total Operating Expenses  E. Other Revenue (Expenses) Net (Specify)	1,612,394 <b>5,762,518</b>	2,032,389 <b>6,369,542</b>
NET OPERATING INCOME (LOSS)  F. Capital Expenditures  1. Retirement of Principal  2. Interest  Total Capital Expenditures	2,438,517	2,533,867
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	2,438,517	2,533,867

November 26, 2013 11:50am

#### Projected Data Chart- Other Expenses Le Bonheur Pediatric Outpatient Center - Project Only

		Year 1 2017	Year 2 2018		
1.	Benefits	\$ 565,284	\$	579,416	
2.	Maint Contract Exp	\$ 27,610	\$	433,473	
3.	Other Expense	\$ 19,500	\$	19,500	
4.	Lease Expense	\$ 1,000,000	\$	1,000,000	
Total	Other Expenses	\$ 1,612,394	\$	2,032,389	

November 26, 2013 11:50am

Attachment 8
Projected Data Chart for
MRI Project Only and
Other Operating Details



#### **Projected Data Chart** Le Bonheur Pediatric Outpatient Center - MRI Only

Projected Data Chart  Le Bonheur Pediatric Outpatient Cen	·	PLEMENTAL- # 1 November 26, 2013 11:50am
Give information for the (2) years following the completion of this pr The fiscal year begins in January.	roposal. Year 1 2017	Year 2 2018
A. Utilization Data (specific unit of measure)     MRI Volumes	1,200	1,350
<ul> <li>B. Revenue from Services to Patients</li> <li>1. Inpatient Services</li> <li>2. Outpatient Services</li> <li>3. Emergency Services</li> <li>4. Other Operating Revenue (Specify) see attached</li> <li>Gross Operating Revenue</li> </ul>	6,038,843 - - <b>6,038,843</b>	- 6,793,699 - - <b>6,793,699</b>
C. Deductions for Operating Revenue 1. Contractual Adjustments 2. Provision for Charity Care 3. Provisions for Bad Debt  Total Deductions	2,711,614 42,248 109,811 <b>2,863,672</b>	3,227,550 49,689 132,397 <b>3,409,635</b>
Net Operating Revenue	3,175,171	3,384,064
<ul> <li>D. Operating Expenses</li> <li>1. Salaries and Wages</li> <li>2. Physician's Salaries and Wages</li> <li>3. Supplies</li> <li>4. Taxes</li> </ul>	114,723 461 25,200	117,592 472 28,350
5. Depreciation 6. Rent 7. Interest, other than capital 8 Management Fees: a. Fees to Affiliates	483,352	522,748
b. Fees to Non-Affiliates  9 Other Expenses (Specify) <u>see attachment</u> Total Operating Expenses	353,703 <b>977,439</b>	490,602 <b>1,159,764</b>
E. Other Revenue (Expenses) Net (Specify)  NET OPERATING INCOME (LOSS)	2,197,732	2,224,300
F. Capital Expenditures  1. Retirement of Principal  2. Interest		
Total Capital Expenditures	(**)	
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	2,197,732	2,224,300

November 26, 2013 11:50am

#### Projected Data Chart- Other Expenses Le Bonheur Pediatric Outpatient Center - MRI Only

		Year 1 2017	Year 2 2018
1.	Benefits	\$ 29,948	\$ 30,697
2.	Maint Contract Exp	 *	\$ 134,358
3.	Other Expense	\$ 5,000	\$ 5,000
4.	Overhead Support Allocation	\$ 218,755	\$ 220,548
5.	Lease Expense	\$ 100,000	\$ 100,000
Total Oth	er Expenses	\$ 353,703	\$ 490,602

November 26, 2013 11:50am

# Attachment 9 Revised Net Revenue for Projected Data

(Please replace page in orginal application)

November 26, 2013

4. Complete Historical and Projected Data Charts on the following two pages--<u>Do not modify the Charts</u>11:50am <u>provided or submit Chart substitutions!</u> Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the Proposal Only (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

Following this page are the Historic Data Chart for Methodist Healthcare-Memphis Hospitals, and a Projected Data Chart for Le Bonheur Children's Hospital. See Attachment C: Economic Feasibility (4) for items included in the Other Expense and Revenue amounts.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

The average gross charge and deduction amounts below are calculated using patient days.

Average Net Charge	\$ 5,405
Average Deduction	12,013
Average Gross Charge	\$ 17,418

November 26, 2013 11:50am

#### **Attachment 10**

Letters from Tennessee Department of Health



#### STATE OF TENNESSEE DEPARTMENT OF HEALTH

WEST TENNESSEE HEALTH CARE FACILITIES 781-B AIRWAYS BOULEVARD JACKSON, TENNESSEE 38301-3203

#### **SUPPLEMENTAL-#1**

November 26, 2013 11:50am

February 13, 2008

Ms. Peggy Troy, Administrator Memphis Healthcare Memphis Hospitals 1211 Union Avenue, Ste 700 Memphis, TN 38104

RE: Licensure Surveys

Dear Ms. Troy:

On January 17, 2008, licensure surveys were completed at your facility. Your plans of correction for these surveys have been received and were found to be acceptable.

Thank you for the consideration shown during this survey.

Sincerely,

Celia Skelley, MSN, RN

Public Health Nurse Consultant 2

CES/TJW

**DEPARTMENT OF HEALTH** 

WEST TENNESSEE HEALTH CARE FACILITIES 781-B AIRWAYS BOULEVARD JACKSON, TENNESSEE 38301-3203

**SUPPLEMENTAL-#1** 

November 26, 2013 11:50am

March 31, 2008

Ms. Peggy Troy, Administrator Methodist Healthcare Memphis Hospitals 1211 Union Avenue, Ste 700 Memphis, TN 38104

Dear Ms. Troy:

On March 17, 2008, a surveyor from our office completed a revisit to verify that your facility had achieved and maintained compliance. Based on our revisit, we found that your facility had demonstrated compliance with deficiencies cited on the annual survey completed on January 17, 2008.

If this office may be of any assistance to you, please call 731-421-5113.

Sincerely,

Celia Skelley, MSN, RN

Public Health Nurse Consultant 2

CS/TW

November 26, 2013 11:50am

# Attachment 11 Copy of Notice of Intent

Friday, November 8, 2013

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NOTECATION OF INTENT TO APPLY
FOR A CERTIFICATE OF NEED
This to pronted efficient and notes that me services are an expension of the services and the services to services and the services the services and ser

The estimated project costs are \$55,786,577.
The activated date of fling the application is or before two-indexed between \$12,013. The contact person for project is Carol Wedenroffer. Copromit Direction Person for Beautiful All Selection Contact Descriptions of Medical Healthcare, LATJ, Union Are be reached at Methodical Healthcare LATJ, Union Are Schredol, Memphili. Thi, 38164, \$611,516.6519.

Atten requests for hearing should be a Health Services and Development A Andrew Jackson Building, 9th Fig. 20esderick Shreet Street 1795.

Retaining, Temester 27243

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SUPPLEMENTAL-#1

November 26, 2013 11:50am

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# SUPPEMENTAL 8

#### **AFFIDAVIT**

STATE OF TENNESSEE
COUNTY OF <u>Shelby</u>
NAME OF FACILITY: LeBonheur Children's Hospital
I, MERI ARMOUR, after first being duly sworn, state under oath that I am the
applicant named in this Certificate of Need application or the lawful agent thereof, that I
have reviewed all of the supplemental information submitted herewith, and that it is true,
accurate, and complete.
STATE  TENNESSEE  NOTARY PUBLIC  Signature/Title
Sworn to and subscribed before me, a Notary Public, this the 21 <sup>St</sup> day of November, 20 <u>(3</u> , witness my hand at office in the County of Shelby, State of Tennessee.  NOTARY PUBLIC
My commission expires 4 - 6 26/4

HF-0043

Revised 7/02

### ORIGINAL-SUPPLEMENTAL-2

LeBonheur Children's Hosp.

CN1311-042

#### TRAUGER & TUKE

the southern turf building
222 fourth avenue north
NASHVILLE, TENNESSEE 37219-2117

TELEPHONE (615) 256-8585 TELECOPIER (615) 256-7444

November 27, 2013

#### SUPPLEMENTAL- # 2 November 27, 2013 11:32am

#### VIA HAND DELIVERY

Ms. Melanie Hill Executive Director State of Tennessee Health Services & Development Agency 502 Deaderick Street, 9<sup>th</sup> Floor Nashville, TN 37243

RE:

Response to Supplemental Questions #2 to Le Bonheur Children's Hospital

Pediatric Outpatient Center Certificate of Need - CN1311-042

Dear Ms. Hill,

Enclosed please find a Supplemental Response #2, in triplicate, to be filed on behalf of my client Methodist Healthcare Le Bonheur Children's Hospital. Please date stamp the additional enclosed copy of the Response and return it to me.

Thank you for your assistance.

Very truly yours,

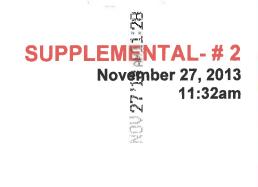
Byron R. Trauger

Kmn

BRT:kmn

Enclosures

Cc: Carol Weidenhoffer (via email)



#### **AFFIDAVIT**

STATE OF TENNESSEE
COUNTY OF Shelby
NAME OF FACILITY: Le Bonheur Children's Hospital
I, <u>Kevin Todd</u> , after first being duly sworn, state under oath that I am the
applicant named in this Certificate of Need application or the lawful agent thereof, that I
have reviewed all of the supplemental information submitted herewith, and that it is true,
accurate, and complete.
STATE OF TENNESSEE NOTARY PUBLIC Signature/Title
Sworn to and subscribed before me, a Notary Public, this the both day of November, 2013, witness my hand at office in the County of State of Tennessee.
NOTARY PUBLIC
My commission expires
HE 0042

HF-0043

Revised 7/02

November 27, 2013 11:32am

#### LE BONHEUR CHILDREN'S HOSPITAL

**SUPPLEMENTAL RESPONSE #2** 

CN1311-042
PEDIATRIC OUTPATIENT CENTER

**MEMPHIS, SHELBY COUNTY** 

Filed November 2013

November 27, 2013 11:32am

1. Section C, Need, Item 1 (Specific Criteria, Magnetic Resonance Imaging (4.) and (7.c)

The revision to Table 9 is noted. However, please add a column that reflects the percentage increase/decrease in MRI utilization from 2010 to 2012 for the providers listed.

Please see Table below which shows the percentage change for 2010-2011 and 2010-2012. Please note the total and subtotal increase/decrease in utilization could not be computed for 2010-2012 due to missing procedure counts for the Mississippi facilities. The percentage difference between 2010 and 2011 was added for reference.

November 27, 2013 11:32am

TABLE 4
UTILIZATION OF MRI EQUIPMENT, 2010-2012

	2010	)	2011		2012	2	%	%
Fixed Equipment	Proc	# Units	Proc	# Units	Proc	# Units	Change 2010-2011	Change 2010-2012
Hospital-Based Equipment					•			
Baptist Memorial - Collierville	1,941	1	1,891	1	1,734	1	-2.6%	-10.7%
Baptist Memorial - Memphis	11,517	3	12,052	3	11,913	3	4.6%	3.4%
Baptist Rehab - Germantown	1,702	1	1,622	1	1,596	1	-4.7%	-6.2%
Baptist Rehab - Briarcrest	370	1	585	1	650	1	58.1%	75.7%
Delta Medical Center	880	1	1,006	1	787	1	14.3%	-10.6%
Le Bonheur Children's **	3,856	2	4,599	2	5,289	2	20.9%	37.2%
Methodist Germantown	8,313	2	7,698	2	6,557	2	-7.4%	-21.1%
Methodist South	3,536	1	4,073	1	4,139	1	15.2%	17.1%
Methodist North	6,359	2	6,058	2	6,092	2	-4.7%	-4.2%
Methodist University	9,136	3	9,677	3	9,803	3	5.9%	7.3%
Regional Medical Center	3,733	1	3,927	1	4,491	1	5.2%	20.3%
St. Francis Hospital	6,159	3	5,482	3	5,393	3	-11.0%	-12.4%
St. Francis Hospital – Bartlett	3,030	1	3,257	2	3,642	2	7.5%	20.2%
St. Jude Children's Research	9,467	3	10,031	3	6,241	4	6.0%	-34.1%
Baptist Memorial – Tipton	1,213	1	1,143	1	1,265	1	-5.8%	4.3%
Baptist Memorial – DeSoto	7,798	3	7,366	3	N/A	N/A	-5.5%	N/A
Non-Hospital-Based Equipmen	t							
Campbell Clinic-Union (open'10)	64	1	2,290	1	2,155	1	3478.1%	3267.2%
Campbell Clinic	8,081	1	6,502	1	6,321	1	-19.5%	-21.8%
Diagnostic Imaging - Memphis	4,540	1	6,358	1	6,538	1	40.0%	44.0%
MSK Group - Covington Pike	3,420	1	3,096	1	3,140	1	-9.5%	-8.2%
MSK Group PC - Briarcrest **	4,043	-	4,508	-	4,489	-	11.5%	11.0%
Neurology Clinic, PC	3,370	1	3,168	1	3,160	1	-6.0%	-6.2%
Outpatient Dx Center of Mphs	2,389	1	2,207	1	2,214	1	-7.6%	-7.3%
Park Avenue Diagnostic Center	3,857	2	3,080	2	2,681	2	-20.1%	-30.5%
Semmes-Murphey Clinic	7,327	2	7,300	2	6,490	2	-0.4%	-11.4%
Wesley Neurology Clinic **	1,393	-	1,398	-	1,309	-	0.4%	-6.0%
West Clinic, P.C	1,304	1	1,662	1	1,564	1	27.5%	19.9%
Carvel Imaging - Olive Branch	2,544	1	2,098	1	N/A	N/A	-17.5%	N/A
Carvel Imaging – Southaven	2,412	1	2,307	1	N/A	N/A	-4.4%	N/A
DeSoto Imaging Specialists	2,587	1	2,825	1	N/A	N/A	9.2%	N/A
Subtotal Fixed Equipment	126,341	43	129,266	44	109,653	39	2.3%	N/A
Avg Proc per Unit	2,938		2,938		2,812			
Subtotal Fixed w/out St.Jude	116,874	40	119,235	41	103,412	35	2.0%	N/A
Avg Proc per Unit w/o StJude	2,922		2,908		2,955			

November 27, 2013 11:32am

	2010		2011		2012			Change 2010- 2012
Mobile Equipment	Proc	# Units	Proc	# Units	Proc	# Units	Change 2010- 2011	
Methodist Healthcare - Fayette	373	1	324	1	271	1	-13.1%	-27.3%
*Note: Le Bonheur Children's Volumes for the iMRI are exclu	Hospital has two						cifically for neur	osurgery.
** Note: Baptist Rehab Briarcr with Wesley Neurology Clinic,				_				_

#### 2. Section C. (Economic Feasibility) Question 4 (Projected Data Chart)

The Projected Data Chart for Le Bonheur Children's Hospital is noted. Please complete the following tables and place the tables on a separate page labeled 37A to be located after the Projected Data Chart for Le Bonheur Children's Hospital:

Please see Attachment for the additional page detailing the Other Operating Revenue and Expense for the Projected Data Chart for Le Bonheur Children's Hospital. Please amend originally filed application with these additional pages.

#### PROJECTED DATA CHART-OTHER OPERATING REVENUE

OTHER OPERATING REVENUE CATEGORIES

1.	Year \$	Year \$	
2.	-	<del>-</del>	
3. 4		-	
5.	-		
6.			
7.			
Total Other Ope	erating Revenue	\$	\$

#### PROJECTED DATA CHART-OTHER EXPENSES

OTHER I	EXPENSES C	ATEGORIES
	Year	Year
1.	\$	\$
2.	-	
3.		

November 27, 2013 11:32am

<b>Total Other Expenses</b>	\$	\$	
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·	-	-	
		-	
5.			
4.		·	

November 27, 2013 11:32am

#### **Attachment 1**

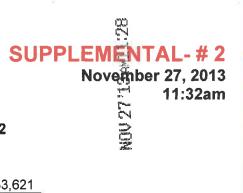
#### Replacement Page for Other Operating Details Le Bonheur Children's Hospital

(Please insert into original application)

#### Projected Data Chart- Other Operating Revenue Le Bonheur Children's Hospital

November 27, 2013 11:32am

		Υ	ear 1	Year 2		
			2017		2018	
		(in thousands)				
1.	Cafeteria	\$		\$	-	
2.	Drugs	\$	2,477	\$	2,502	
3.	Gift Shop	\$	4.	\$	2	
4.	Telephone	\$	34	\$	34	
5.	Vending	\$	66	\$	67	
6.	Shared Svc	\$	-	\$		
7.	Tuition/Student Fees	\$	73	\$	73	
8.	Office Rentals	\$	1,713	\$	1,731	
9.	Parking	\$	=	\$	-	
10.	340b Program	\$	20	\$	20	
11.	HealthSouth	\$	_	\$	-	
12.	Trauma Fund	\$	593	\$	593	
13.	Rental Income	\$	*	\$	= -	
14.	Transp (ground & fixed wing)	\$	1,273	\$	1,286	
15.	Gamma Knife	\$	=	\$	5	
16.	Grants	\$	780	\$	788	
17.	Other	\$	198	\$	200	
Total C	other Operating Revenue	\$	7,227	\$	7,293	



#### **Projected Data Chart- Other Expenses** Le Bonheur Children's Hospital

			Year 1 2017	Year 2 2018	
			(in thou	sands)	
1.	Benefits	\$	32,493	\$	33,621
2.	Repairs	\$	5,537	\$	5,648
3.	Professional Fees	\$	6,542	\$	6,663
4.	Contract Service	\$	32,477	\$	33,145
5.	Auditing Fees		73		74_
6.	Consulting Fees	\$	194	\$	198_
7.	Legal Fees	\$	23	\$	24
8.	Advertising	\$	159	\$	162
9.	Dues	\$ \$ \$	834_		851
10.	Travel		559	\$	570
11.	Utilities	\$	4,680	\$	4,773
12.	Insurance		5,492	\$	5,602
13.	Tansfers Reagents	\$		\$	
14.	Tansfers Laundry	\$	811	\$	831
15.	Transfer Print Shop	\$	395	\$	403
16.	Transfer Telephone	\$	303	\$	309
17.	Transfers Transcription		934		958
18.	Trans Cost Maint	<u>\$</u> \$	136	\$ \$	138
19.	Trans Cost Univ/Other Fac		21	\$	22
20.	Other Transfers	\$	(41)	\$	(42)
21.	Books	\$	104		106
22.	Other Bus Events	\$	103	\$ \$	105
23.	Assoc Recruitment	\$	97	\$	99
24.	Phys Recruitment	\$	46	\$	47
25.	Credit Card Fees	\$	:(₩:	\$	3 <del>4</del>
26.	Bank Svc Charges	\$	5	\$	6
27.	Contributions		386	\$	394
28	UT Payments Oncol	\$	8,241	\$	8,799
29.	DP Software	\$	28	\$	29
30.	License and Accred Fees	\$	145	\$	148
31.	Postage	\$	19	\$	19
32.	Freight	\$	486	\$	496
33.	Telephone incl network cable	\$	247	\$	252
34.	Procurement Card		134	\$ \$ \$	137
35.	Purchase Discounts	\$	786	\$	
36.	Hosp Funding		640		640
37.	Other	\$	57	\$	58
38.	Mionority Interest	\$ \$		\$ \$ \$	
39.	Corporate Allocation	\$	32,088	\$	33,154
40.	Physician Margin Allocation	\$		\$	
<del>4</del> 0.	Filysician ivialgin Allocation	Φ	(39)	Ψ	(57)
Total O	ther Expenses	<b>\$</b> 7B	134,411	\$	138,382